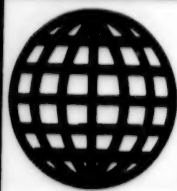


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20 April 1994



**FOREIGN
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JPRS Report

Near East & South Asia

Near East & South Asia

JPRS-NEA-94-019

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PALESTINIAN AFFAIRS

Sinyurah on New Bank, Paper

94AF0139A Jerusalem THE JERUSALEM POST
in English 18 Mar 94 p 4

[Interview with Hanna Sinyurah by Lisa Frydman; place and date not given; first paragraph is JERUSALEM POST comment]

[Text] Publisher, activist and banker, east Jerusalemite Hanna Sinyurah shares his views on the aftermath of Hebron, prospect for economic success in the territories, and putting Jerusalem on the peace agenda.

In the wake of the Hebron massacre and threats of Palestinian retaliation, it was nerve-racking meeting Hanna Sinyurah at his office on Nabulus Road.

Sinyurah, who was heading for Tunis, said politely that our meeting would either take place at his office or no interview. Not only was he short of time, but he was short of patience for the "psychological war of fear" which separates east and west Jerusalem.

Walking up two flights of stairs in the old, decrepit office building, I found Sinyurah seated behind a desk flooded with paperwork. Wearing a crewneck sweater and a trendy sports jacket, Sinyurah looked out of place in his more conservative surroundings. His manner was cool, reserved and all business; time was of the essence.

Our meeting came at the end of a particularly hectic month. Named the chairman of the new International Palestine Bank, scheduled to open as soon as it received approval from the Bank of Israel and the PLO, Sinyurah had been traveling constantly between Madrid, Tunis and Israel. The bank is being established by Sinyurah and a prominent group of Palestinians, together with Bank Leumi, the Commercial Bank of Morocco and Spain's Banco Central Hispano. The consortium hopes to establish branches throughout the territories and will be involved in all banking ventures, including local and international investments, transactions and project development. Sinyurah, however, says all economic plans will remain frozen until problems in the political sphere are resolved.

Sinyurah, a pharmacist and the former editor of the now-defunct AL-FAJR daily, just launched the new English-language Palestinian weekly, THE JERUSALEM TIMES. Unlike AL-FAJR, a known mouthpiece for the PLO, Sinyurah says he's trying to insure the TIMES remains independent of the powers-that-be and to turn it into a commercially viable entity; his focus is on ad revenues rather than big-name benefactors to keep it afloat.

Sinyurah also serves as chairman of the European-Palestinian Chamber of Commerce and is a member of

the board of trustees of the Workers' Education Association. Considered a prominent member of east Jerusalem's intelligentsia, Sinyurah boasts friends and contacts on both sides of the Green Line. An idea man bubbling with blueprints for economic prosperity in the territories, Sinyurah has nonetheless been forced to succumb to the tortoise-like movement of the peace negotiators: No peace, no bank.

[Frydman] How is the delay in the peace negotiations affecting the development of the Palestine Bank?

[Sinyurah] We are waiting for approval by the Bank of Israel. But the progress of the bank runs at the same rate as the peace process. Right now, everything is on hold.

[Frydman] How did the Palestine Bank develop

[Sinyurah] It grew out of discussions between the Palestinians and Bank Leumi, which resulted in an agreement for the International Palestine Bank to buy branches of Bank Leumi in the West Bank and Gaza Strip. This grew into a four-way partnership, which will operate all types of banking activities, with emphasis on international trade relations, investments and transfers of money in and out of the area.

[Frydman] Jordan is also establishing a network of banks in the territories. Is this healthy competition, or a threat?

[Sinyurah] Look, the Palestinian authorities have adopted a market economy, so we are encouraging investment. All the partners are our neighbors. We want our people, who have suffered the most, to develop the economy, but we certainly understand that we cannot do it alone and need international assistance. There is a signed agreement between the PLO and Jordan on economic cooperation. There is a similar signed agreement with the Egyptians. We are also working on such an agreement with the Israeli side.

[Frydman] According to Bank Leumi, the bank's initial capital is slated to be about \$40 million. Is this enough for a smooth beginning?

[Sinyurah] You can actually start a bank according to regulations with \$10 million. So, when you begin with \$40 million it's a good start. At the same time, we will be growing. We have already been contacted by American and German interests.

[Frydman] Is the bank planning any specific investments in Jerusalem?

[Sinyurah] Unfortunately, the status of Jerusalem will be held off to second-stage negotiations at the peace talks. And that must change, because really this principle issue cannot be postponed. However, as far as Jerusalem goes, at the moment we have no intention of opening a branch of the bank. But the four partners will have interest in a Dutch holding company, which will have offices in Jerusalem.

[Frydman] What are the bank's goals and priorities in Jerusalem?

[Sinyurah] In the future, as a bank we are looking forward to investing in the infrastructure of the Palestinian economy. As a Palestinian, I am concerned that the life of east Jerusalemites will be improved. There are shortages of housing for Palestinians. There's a big gap in infrastructure as compared to that of west Jerusalem. And we feel that not only our bank but also other interests should invest in the development of the infrastructure of east Jerusalem so that it can one day be comparable to the west side's economy.

[Frydman] What's your opinion of the Olmert administration as compared to the Kollek administration so far?

[Sinyurah] Well, I know both Kollek and Olmert personally. Yet, at the same time, I feel that today Olmert is at the mercy of the ultra-religious community. Jerusalem has always been a right-wing city and I think he will lead the way for more tension to develop. I'm watching Olmert on issues such as housing, upgrading services, etc. I'm not going to prejudice Olmert, but we have not seen much of anything yet.

[Frydman] Hindsight is 20/20. Had the residents of east Jerusalem come out to vote in the mayoral election, do you think the Palestinians would have more of a voice in City Hall? Was it a mistake?

[Sinyurah] I have been involved in politics for a long time and I feel that at least under the present situation Palestinians have been denied civil rights. Palestinians did not come out to vote because it would have meant legitimizing the present state of affairs.

[Frydman] Yet how else can you change the status quo?

[Sinyurah] I also believe that we can emphasize our rights by establishing Palestinian prosperity and I feel that if there is Palestinian prosperity in east Jerusalem along with Israeli prosperity in west Jerusalem that can also build bridges of cooperation. I still believe in cooperation between both sides of Jerusalem, but only on an equality basis and this doesn't seem to be the case right now.

[Frydman] What is your vision for the future of Jerusalem—a divided city? A unified municipality?

[Sinyurah] An undivided city, but with two sovereignties in cooperation with each other. This city has its history, its two peoples. If we want to have peace we must consider this, but that does not mean that we cannot have peace, if people are sincere and understanding. Right now, there are a lot of Palestinians who are deprived of their rights.

[Frydman] You wear many hats. How do you plan to juggle serving as head of the Palestinian Bank with publishing a brand new newspaper and ensuring its financial success?

[Sinyurah] First of all, I come from the media. I have been working in this line of work for the past 20 years. I was out of it for a very brief period of five months and I could not stand it, which is why I came back into the business working for THE JERUSALEM TIMES. This won't take up so much of my time because I am no longer working as editor-in-chief but serve as its publisher.

As far as AL-FAJR, I can tell you that the English edition of that paper never lost money. It was the financial troubles of the Arabic edition that led to the demise of both the English and Arabic papers. I also plan to enter into local radio as soon as possible.

[Frydman] Let's get into the logistics of the new newspaper. Who's your target market—what's your strategy?

[Sinyurah] Right now we are printing 5,000 copies weekly. We are trying to regain AL-FAJR's lost readers from the United States. Our goal is to increase our circulation to 10,000 copies. At present we have a local audience of one thousand Palestinians, but our target audience is Israelis and here I am still having a lot of problems in that market. I have about two hundred regulars, but I want to broaden this number to about three thousand. That's why I am adding a new dimension to the JERUSALEM TIMES, which will focus on the business/economic aspects of Israel, in which many Israelis are interested. This will provide Israeli businessmen with information about how the Palestinian economy is developing.

We have an excellent market in major cities in the United States, which includes Middle East experts, university faculty, students, etc. AL-FAJR also used to have quite a few American-Jewish readers—our next target market. We would also like to expand the TIMES to government readers as well.

[Frydman] Can the TIMES realistically stay a commercial paper with an even-handed viewpoint, or will it inevitably become politically biased like AL-FAJR?

[Sinyurah] Well, there will be a political section in the paper. But again, my concentration will be developing the economic section. There will also be a cultural section to demonstrate the mosaic of Palestinian cultural life and people, and a religious section.

[Frydman] Do you plan to open your paper to opposing viewpoints? Will Israeli writers find room on your op-ed page?

[Sinyurah] We have already contributions from Israelis, a British-Jewish expert on Jerusalem, etc., so yes, our paper is open to anyone who has something to say regardless of opinion, but in a way that will build the bridges of understanding of our two peoples. At the same time, my newspaper is open to all perspectives in the Palestinian camp.

[Frydman] What was the feeling in your community about the immediate condemnation of the Hebron massacre by

Prime Minister Rabin, Rabbi Lau, Mayor Olmert, and the majority of the population?

[Sinyurah] I can tell you that although they had expressed their outrage, Palestinians worry about how we are going to protect ourselves.

[Frydman] Many Israelis perceive a double-standard here, because when terrorists strike Israelis, it seems that groups jockey to claim responsibility, and condemnation doesn't occur unless there's international pressure.

[Sinyurah] That's not true. I think actions against humanity are not accepted by the Palestinians in general. And many Palestinian leaders—Arafat and others—have condemned terror.

[Frydman] What's your feeling about the Western Wall plaza being closed by police authorities for fear of violence?

[Sinyurah] I think the Israeli authorities were being wise in wanting to avoid clashes. All the holy sites should be protected. Unfortunately, despite security measures we had the massacre in Hebron, so clearly the protection is not adequate. But the steps taken were appropriate.

[Frydman] In light of the massacre and the fanatics on both sides of the fence, is peace a reality or are we all deluding ourselves?

[Sinyurah] Look, we have no other alternative. If we allow the extremists to win then we have no future. The only way to fight back is to cooperate. We must stress education. We have to change the stereotypes. It's a long process. We are changing from a mentality of war to a new mentality of working together. It won't happen overnight. It's going to take 10, 15, 20 years.

[Frydman] What is your next venture?

[Sinyurah] To work at peace. I would like to remain in politics, but only in the background. My real goal is to do everything possible to improve the economic status and push forward initiatives in the area—which would stabilize the forces. We can have all the agreements in the world, but real peace will only come with economic prosperity in the occupied territories.

Development Strategy in Transitional Period

94AF0154A Jerusalem AL-NAHAR in Arabic 28 Feb 94
p 13

[Article by Dr. Samir 'Abdallah]

[Text] The economic topics brought up in the negotiations are no less important than defining the features of the future and defining the larger goals we seek vis-a-vis the topics set out in the negotiations, which will be the foundation upon which a Palestinian development

strategy must be based. First: the volume of sources which will be available, at the disposal of Palestinian citizens and authorities.

Unfortunately, although Palestinian rights and demands are clear, it is not clear what natural and economic sources will be granted to Palestinians and the Palestinian authorities. Here we are speaking principally, or most importantly, about land, water, and about tourist resources, specifically Jerusalem. Additionally, we may be in a position to exploit the fishery resources in Gaza and the Jericho area. The other part, regarding resources, is decision-making power in the management and independence of these sources, which is another very important topic in these negotiations.

The other important matter is the nature of relations with Israel. It is a known fact that over the past 27 years of occupation, interlocking economic relations were imposed unilaterally. These relations were characterized by hegemony and inequality; will the negotiations bring about a reformulation of these relations on new bases of equality, mutual benefit, and the right of reciprocity? This is a very important issue, and may be even more crucial than the time factor, given the vagueness that surrounds these elements. Perhaps if we wish to adopt a development strategy, we may be compelled to get into strategic scenarios and not into defining strategies.

In addition to these factors, which, as I said, will be settled by the negotiations, there are some factors or relatively stable, or more stable characteristics, and some utterly unstable ones, but because they are linked to some extent with some objective factors, these factors, too, influence or form, with other factors, the framework in which this strategy will be built. These elements are:

First: Limited Natural Resources

It is well known that, even should we obtain all independent Palestine's sources and resources (God willing), we must look to a development strategy. This is because in general it does not possess natural resources and raw materials sufficient to supply local industry and local agriculture with input. This means an inability to obtain foreign parts and foreign currency by exporting resources. There will be a significant dependence on commercial markets to supply our productive sectors with input. This is very important, and sheds light on the importance of foreign trade and our freedom to gain access to other markets.

Second: The Small Local Market

Palestine's market is known to be very small, and this in turn means that the expansion of production or of commodity production basically rests on our ability to gain access to new markets abroad. This is another example of the elements defining our development strategy; that is, the growth of the Palestinian economy will depend to a large extent on our ability to market our products in foreign markets. If they are closed, or if we do not succeed in that, there will be severe limits on the growth of our commodity markets.

Third: Structure of the Economy

There is no easy way out of this. The general structure of the economy is known to depend greatly on agriculture, which comprises 25-30 percent of the economy; on local products and weak industry, which represent no more than 10 percent; and the building and construction sector, which represents 15 percent. The rest is mostly domestic services and other services. If we go into the makeup or structure of the sectors in depth, we note that they were formed under the influence of many factors; chiefly, and most ominously, perhaps, is that the structure of our industries was formed by Israeli demand. This is highly significant when we look at our strategic options in the nature of the relations we want to establish and create with neighboring countries.

Fourth: The Palestinian Economy's Level of Development

There is no escaping from this when the development strategy is released. And so this means that our ambitions, in order to be realistic, must be linked to our level of development. We cannot say, "Our strategy must include..." and then add, for example, possibly complex and intense industries, such as are sometimes considered. At our level of development, we must look at the most important elements, and the most important elements or components at the level of development.

Our economy suffers from very severe infrastructural backwardness in all areas. I would here like to point out that over the past 27 years the Israelis have spent no more than \$15 per Palestinian on infrastructure, while spending per Israeli on infrastructure was \$1,000 per year. In Jordan, the figure is more than \$100, at various times; even in the current period of crisis, with the dinar crisis and the economic crisis in Jordan, this spending has not fallen below \$100 per person; it remains, practically, seven times what is spent here. According to World Bank experts' very conservative estimates (with which we do not agree), the Palestinian people have the infrastructure necessary for its economic level. I believe we have one third of the infrastructure needed for a balanced economy; the importance of the material and social parts of an infrastructure is well known.

The second issue that characterizes our backward economy is the lack of and severe weakness in institutions, specifically the economic institutions that will be responsible for managing the funding process. It is well known that most of these are locally run institutions; we all know how marginal and weak the municipalities' role is. In practical terms, we need a major strengthening process in order for them to play a significant role in the development process regarding the official authority or institutions of civil administration that the Palestinian authority will appoint. We may say that qualified people capable of playing a leading role in the development process in the future are few and far between. In spite of all the factors that represent a framework in the development process or adoption of a strategy, one must note

some of the positive elements that should be taken into consideration when we formulate a development strategy. They are:

The first element: the relatively excellent level of human resources provided or available to the Palestinian economy. When I speak of human resources, we must not forget that it is possible to multiply their capabilities if we can attract qualified Palestinian people from abroad. This is highly significant, and I hope the coming Palestinian authority will offer incentives to qualified Palestinians abroad to come here and work on developing their economies.

The second element: in our economy, also, we have a relative distinction in the agricultural sector, and this relative distinction has limits, as a matter of course. I may say, however, that it will play a basic role when it comes to new funding for the other sectors, the relative distinction we have in terms of work productivity and reliable technical ability. This could be of primary benefit during the transitional period, in order to form a basic tributary of development.

The third element, also important and positive, and to which attention must be given, is tourism potential, or the power of the Palestinian economy to turn tourism into a key element and primary funded sector of the Palestinian economy. But this requires great attention in this sector, and an infrastructure. It could be taxable in the early phases, and as a matter of course I do not expect the Palestinian authority to be capable of adopting sufficient funding for this sector, but it can create an appropriate framework and sufficient incentives for the Palestinian, Arab, and foreign private sectors.

The fourth element, important, though perhaps not of great importance, but necessary to take into consideration: our economy, which has faced major confiscation by the Israelis. The Palestinian economy has been a commercial free zone for the Israelis; this in itself powered our industries, in some form or another, industries that were faced with very intense competition, and that were able to survive and evolve in highly competitive circumstances. They compelled them to increase productivity and improve quality, in order to open horizons, as there would be competitive industries abroad, especially in Arab markets. These are the components of the general framework on which the strategy is built, but where is the centerpiece of these components? This is the real question. I believe—and I may be wrong—that the nature of the commercial system upon which we are agreeing with the Israelis—as is known from the negotiations—is based on two contradictory positions.

The Israeli Position

It desires and seeks to consolidate the status quo, with some minor improvements, in the sense of maintaining the customs union as a limited framework for the commercial system, a system of exchange between Israel and Palestine. This means that the Palestinian market, and

the Palestinians, will not be able to achieve the freedom of foreign markets, but that they would have the freedom to formulate their foreign trade policy. This framework might allow Palestine to benefit from the agreements Israel has concluded with the Common Market and the United States. It will be easy for Palestinians to get concessions from these groups, but it will completely deprive the Palestinians of the fabric of independent economic relations in some markets, including the Arab markets. This is, in my view, a very great problem, because the markets—and I have spoken of the factors that make foreign trade for Palestine very important, with a very great role in economic growth—our markets are not the EEC, or America. If we were to succeed in this phase (the development phase) in finding markets abroad, these markets would be Eastern Europe, the former Soviet Union, Africa, and the Arab countries. These are the markets in which we can find wide areas for marketing our agricultural and industrial surpluses. At the same time, we can get raw materials and industrial input from these groups more cheaply, meaning lower production costs. Thus it is possible, if we are deprived of this framework, for us to have very great development problems. In return, we Palestinians ask for the customs union to be replaced by a free trade agreement and a trade accord that would mean our continued benefit from the Israeli market.

We depend on the Israeli market for our imports and exports. The Israeli market is the primary market now, and we cannot do without it. A trade accord would allow us access to the Israeli market as before, but as a matter of course there will be barriers to re-exporting some of the products we import, and we can re-export them according to the free trade agreement. This is the key point that would enable us to have an independent economic policy suited to the needs of our economy and developmental level; at the same time it would enable us to benefit from our existing relations with the Israeli market. With this definition of the strategy in the transitional phase, my view is that our strategy in the transitional period perhaps must focus on primary elements: The first and most important element, in my estimation, despite the fact that the necessary investments for it are less, is the building of institutions and the creation of an administrative and organizational structure for the development process. Without it, I believe, it would be difficult to rely on the present structure: the civil administration framework is fragile and incapable of handling the development process. At the same time, the local rule framework and the municipalities too require a great deal of effort in order to be able to play a primary role.

The second element, which might be less costly, but of greater importance, is the creation of an appropriate legal climate for the launching of the development process. Here the issue of military orders and their replacement with contemporary laws provides an appropriate framework for private sector activity and the use of foreign investments, which is a side issue.

The third element is a basic one in the field of development: the rebuilding of the infrastructure. All interest is now focused on the infrastructure, without which appropriate services cannot be provided to the people and citizens; at the same time, investment cannot be facilitated, so this is a key issue.

The fourth element in our development strategy is education reform. Education reform begins with basic education, and education reform is a key issue, and possibly merits a conference to itself.

The fifth element in the features of the strategy is to accelerate the development of the banking system. Without a banking system, one which provides investors access to facilities, it will be difficult to achieve development. Here I hope I have succeeded in setting out the features of a strategy. I say, and emphasize, that the strategy must be based, and generally is based, on specific political goals. The political goals thus far are clear, and yet they are not sufficient. Our political goal is to establish an independent Palestinian state, and bring back the refugees. This goal in itself does not give or contain information sufficient for the adoption of a development strategy. We are familiar with and have begun to introduce the transitional period we speak of. Also, in a general way, we have said it is a step on the road to an independent Palestinian state. From another aspect, at various levels, the phase, as it is structured, lacks clear details upon which one might base the adoption of a sound and appropriate development strategy.

ALGERIA

Arabic Press on Zeroual Appointment

94AF0105A Algiers LIBERTE in French 9 Feb 94 p 7

[Article by Yasmine Jellal: "Could There Be Hope?"]

[Text] Hopes and expectations inspired by the national conference, the dialogue, and the naming of Zeroual continue to get wide press coverage. The FIS [Islamic Salvation Front] is getting more coverage than ever in the columns of the Arab-language weeklies. Except for an interview with Tourabi, it was the lead topic this week.

RISSALAT EL-ATLAS (No. 46)

This weekly marks the ascension of Liamine Zeroual with an article entitled: "How Far Will Algeria's Sixth President Go in Implementing His Ideas?" The weekly asks, "Will he be able to steer the ship of state to a safe port through this violent tempest? And will Algerians who were holding their breath after the conference finally be able to breathe again?"

The weekly's editorial page focuses on the national conference. "Under the headline: 'President...and Hostage,' the editorialist writes that what happened at the conference "was as terrifying as expected."

"The national conference failed. What was most distressing about the meeting is the fact that the de facto authorities made it a forum for reiterating their determination to pursue exclusion, eradication, and defiance of the will of the people. This is apparent," the editorialist continues, "in the inflamed speeches of Ali Kafi and Salim Saadi, in the maintenance by the HCE [Higher State Council] of its unconstitutional prerogatives, and in the platform of the CDN [National Dialogue Commission], which was tailored to the advantage of the government by allowing it to continue to control everything, from the 'president of the republic' to the planned 'transition council' and all other institutions, constitutional or otherwise."

The weekly also points to an even more serious insult to the feelings of the nation, "namely the meeting held between what was called civilian society and the so-called helpful sectors of society, the majority of which were associations, coalitions, and committees. Among the latter was the Committee To Safeguard Algeria, which ever since its creation has been responsible, as we know, for so many wrongs and injuries in its efforts to destroy democracy, elections, and the people's right to choose."

Very pessimistically, the weekly opines that, "this is the road back to where we started, using the same methods and following in the steps of the former transition phase, filled with so many tragedies and painful events." "For a glimmer of hope to persist and grow stronger, Mr. Liamine Zeroual should not have been named to the presidency on the basis of the conditions set by the HCE and rejected by Bouteflika, because these conditions make the position strictly honorary. And also for hope to persist one could wish that it had not been Benhamouda and Benmansour proposing Zeroual's candidacy, as the French-language press reported. Because that would mean that the president would be, just like his predecessors, a hostage of the mafia and the ghosts that have ruled Algeria up to now," concludes RISSALAT EL-ATLAS. The weekly devotes another article, equally acerbic, to the same question. For example: "While those who spoke at the national conference regretted the loss of the chance for harmony and condemned the boycott of the major parties, those words were only for 'popular' consumption, because what really happened at Club des Pins is what the regime had planned and wanted to make happen."

"The regime does not want consensus, for it knows that would work against it. The El-Khatib commission played precisely the role that had been scripted for it." RISSALAT EL-ATLAS also published an interview with Hassan Tourabi, reprinted from EVENEMENT DU JEUDI and translated into Arabic. In the interview Tourabi says, regarding the assassination of Algerian intellectuals and foreigners living in Algeria, that "everything depends on what name we give the battle..."

"In Western philosophy, it is considered legal to resist repression and oppression, and this is called 'resistance'

or 'revolution'; and in any case all revolutions have their victims, and the Algerians are of a revolutionary nature. Remember the price they paid to drive out the French: more than a million martyrs," said Tourabi.

EL-HADETH (No. 8)

In an article entitled: "The FIS and the Regime: Movement Toward The Negotiating Table?" this weekly raises the question: "What happened behind the scenes that led Anwar Haddam to publish his famous communique from Washington?" In answer to this question, the weekly notes that: "analysts are divided into two camps: One group believes the statement was simply a ploy imposed by FIS overseas representatives in order to diffuse pressures that Western circles were bringing to bear on FIS political figures due to the intensification of activities by armed Islamic groups. Other analysts," EL-HADETH continues, "have seen behind the declaration an indicator pointing to real detente, at least between the political wing of FIS and the regime." Between these two contradictory theories, EL-HADETH claims to describe what really happened behind the scenes. "According to a very well-informed source, the naming of Liamine Zeroual was a bid to put an end to the policy pursued by the previous group since the advent of Boudiaf, a policy that consisted of not entering into serious dialogue with the radical Islamist opposition, banking instead, first of all, on the weight of the security apparatus and second on moral and material support from certain Western circles." The weekly continues: "But that gamble, based mainly on a security solution, has failed, and its repercussions at the social and political levels were not just serious—they were catastrophic." "It seems that the military institution, which has been implicated on more than one occasion since the events of October 1988, no longer trusts the civilians, who once in power find themselves locked into narrow calculations, the strategy of 'wait-and-see,' and vacillation, instead of making hard decisions," opines EL-HADETH; it cites the example of "the previous team, which on the one hand announced its intention of having a dialogue with the opposition but as soon as it started to become a reality backpedaled from its declared position and returned to its original stance, a move that obviously exacerbated the political crisis and showed the opposition that the government team had no serious intention of resolving the crisis." EL-HADETH then quoted again from the above-mentioned source to the effect that: "the previous government team labored under many inhibitions, which turned into deep-seated anxieties having to do with lack of faith in itself, doubts about its own legality, and the fact it was running short of time... All these misgivings engendered a feeling of frustration within the regime, especially when it fell hostage to groups that were beating the drums for the eradicationist line, albeit not working as political groups to implement that line..."

"The regime found itself cut off from both camps—from the majority of the people as well as from the opposition," EL-HADETH concludes.

EL-WAJH EL-AKHAR (No. 42)

The weekly opines that our military leaders: "have been fomenting one coup after another, of every conceivable variety. There has been a tank behind every president ever installed as head of state, and behind every president who resigned. Only the military's votes count, when the issue is what constitutes electoral legality or revolutionary or historical legitimacy. By now, many people have seen through the 'trick': The position of the presidency in Algeria depends on meeting two basic conditions: One must either have revolutionary or historical legitimacy recognized by the military, or one must be a general oneself," the weekly concludes.

On the last page is an article entitled: "Military Government, Pending the Advent of 'Madani' Government" (author's play on words: "madani" means "civilian" in Arabic), in which the author says that: "we do not really see any harm in the military institution taking power. It is the only institution still standing in our country... Throughout history, as El Hachemi Cherif said, democratic revolutions have come to power by force, not the ballot box; in the past, the army used to say it kept its distance from politics and was not interested in political power."

Later on in the same article, EL-WAJH EL-AKHAR discusses what it calls: "the shepherds of civilian society and village political life." "When S. Sadi pays tribute to the military regime for averting a "madani" regime (author's play on words), and when Benhamouda marches alone to Club des Pins to demand Zeroual's presidency, we can guess how the village 'brains' in civilian society are going to practice politics: with drum and flute."

"We, the young," the weekly continues further down, "remember very clearly the oath taken by Kafi to bring to power young technocrats who favor modernity and new ideas...but the reality is quite different."

ESSABIL (No. 39)

This weekly gives its lead story the headline: "Was the Dialogue a Failure?" Yes, it answers: "If we judge the dialogue on the basis of the results announced, the judgment must be negative...and one can say that it failed...because neither of the major interlocutors claimed it was a success, nor did the public buy its 'artificial' conclusion...even though its architects called it an extraordinary achievement. And if we gave an interpretation from the point of view of the method by which it was organized, we would say it was a coup d'etat against the most basic and elementary underlying principles of dialogue."

On a more optimistic note, the weekly concludes: "While the dialogue was not everything the big parties and everyone else concerned with saving Algeria wanted it to be, does that mean that those who opted for this form of communication were deceiving themselves? This new failure of dialogue does not mean dialogue is doomed to

fail every time, and the heads of the most important parties have said the boycott of the national conference does not mean a boycott of dialogue per se."

Lambese: Discrepancies in Reported Figures Noted

94AF0156A Algiers *LIBERTE* in French 16 Mar 94 pp 1, 2

[Unattributed article: "The Lambese Prison Breakout: The Director Had Sounded the Alarm"—first paragraph is *LIBERTE* introduction]

[Text] One day will we know the entire truth about the Tazoult breakout? Is it a breakout that is still far from yielding its secrets and in particular its political consequences?

In any event, it would seem that this spectacular breakout could have been avoided. Indeed, the prison's director, according to certain sources, was reported to have sent several reports to the authorities concerned to draw their attention to indications his jail would soon be attacked.

He is reported to have expressed his suspicions to several guards. What conclusion should be drawn from this information when it is known that the director of the Chlef prison had sent a similar report and expressed the same fears?

Unlike Tazoult, measures were taken and the prisoners were quickly transferred from Chlef to Berrouaghia. It is clear that the work of the investigative commission looking into the Lambese case will absolutely have to elucidate this question. It will also need to provide some answers about the unbelievable freedom of movement that the attackers enjoyed. The latter, according to the same sources, were reported to have lists of all the prisoners "to be freed," with their names, their home region, and where they were supposed to go.

The possibility cannot be ignored, in this respect, that many of the prisoners could have vanished into thin air and might even have reached the major cities. It is believed, in this respect, that among the escapees are all the "emirs" of the armed groups that had been arrested and convicted by the special courts.

Despite the seriousness of this deed and despite the shock that the people have been dealt, official information is distilled parsimoniously when it exists. This silence gives free rein to all sorts of hypotheses and all sorts of speculations.

Whereas the news had practically gone around the country and even beyond it, 72 hours had to pass before the Justice Ministry would at last deign to make the information public in a most laconic communique.

The Justice Ministry's communique spoke of "a very large number of armed groups," which attacked the prison without specifying their number or the methods they used. Furthermore the communique described the breakout of "a large number of persons convicted in

cases of terrorism by assassination and acts of sabotage and subversion"; here too no further information was given.

Given this, and according to tradition, all sorts of speculations were permissible. Beginning the following Saturday, LIBERTE devoted its front page to the event with the headline: "Breakout of 900 Islamic fundamentalists." Basing its report on information received from reliable sources, LIBERTE pointed out that the attack had been carried out by "a great many terrorists, perhaps several hundred"; the attack was reported to have been carried out with trucks, which therefore, according to LIBERTE's source, made possible the breakout of "900 terrorists, including 280 who had been sentenced to death"; about 100 of the regular prisoners were reported to have been tempted by the breakout but were said to have "given it another thought and returned to the prison."

For its part, AFP, picked up by EL WATAN and EL KHABAR, spoke of "several hundred prisoners" reported to have escaped, among whom were some who had been condemned to death. AFP, which quoted "confirming reliable sources," added that when the prison was attacked, four prison guards had been killed by "an undetermined number of assailants." The French agency put forward the number of 280 Islamic fundamentalists sentenced to heavy labor who were reported to be among the escapees, whereas "about 100 ordinary prisoners were reported to have returned to their cells after a brief escape."

Almost five days after the most spectacular of the breakouts, the entire national press corps came back to the event. Most of them preferred not to get involved, preferring to publish a communique drawn up by the security services and reported by APS.

Just as laconic as the Ministry of Justice's, the communique from the security services said only that a total of 79 persons who had escaped had been arrested whereas 24 others had been shot by police. At no time did the communique speak of the prisoners' status, it was simply a matter of "people arrested," "escapees," and "attackers."

Nowhere was there mention of "terrorists" or "Islamic fundamentalists." Was this caution or a determination to minimize the facts?

The other main daily newspapers devoted their front page to the event and cited figures that were sometimes contradictory but all wondered about the disconcerting ease with which the breakout had been accomplished.

EL WATAN no longer talked about "several hundred prisoners" but of "about 1,000 prisoners," among whom, the paper noted, there were "64 from the high security unit reserved for those sentenced to death and 400 prisoners serving life sentences."

There was another detail about the 1,000 escapees: "200 are ordinary prisoners."

EL WATAN devoted its front-page headline to the figures and announced in yesterday's edition that "26 escapees have been killed and 114 captured."

That, according to EL WATAN, was "the official figure." But would not the one given out by the police be the official figure? EL WATAN, which put the number of attackers at "some 100 attackers," no longer put forward, as it had in its Saturday edition, the number of 280 Islamic fundamentalists among the escapees.

LIBERTE, which in its edition yesterday reported new information, corrected the figure of 280 prisoners sentenced to die among the escapees, published in its Saturday edition, and this time spoke of 70 prisoners sentenced to die being among the escapees. With regard to the number of attackers, and according to its sources, LIBERTE estimated the number of armed attackers who reportedly attacked the prison as being between 150 and 200, going on to add that the latter had arrived onboard "about 40 trucks and encircled the prison."

This time around the number of escapees was put at being on the order of 909. Several other pieces of information concerning the breakout were reported by LIBERTE, which did not fail to wonder about the impact of such an operation. The daily newspaper EL MOUDJAHID, which ran the story only five days later, made up for lost time by publishing an article written on location by one of its reporters.

Many details were reported, including the length of the breakout operation, which was reported to have lasted "one hour and 15 minutes." LE MATIN was practically the only newspaper not to deal with this story. It was an odd silence.

Whereas the number of escapees was put by all newspapers at being around 900 people, an AFP release, citing a spokesman for the Islamic Salvation Front (FIS) living abroad, mentioned the figure of 1,684 escapees and the fact that these escapees were "all political prisoners from FIS's base." Indeed, in this instance, this increase in the figures is, we might say, fair play, encouraged, it should be pointed out, by the laconic communiqués from the concerned official authorities.

Since Thursday, the date of the attack on the prison, rumors have traveled about and already the most improbable scenarios have been put forward as we await the results from the official commission of inquiry.

Arms: Complicity of Foreign Countries Asserted

94AF0157B *Algiers LIBERTE in French 17 Feb 94 p 3*

[Article by Yacine Lahcene: "Arms Trafficking Hubs"]

[Text] The dismantling of terrorist networks and quantities of arms seized in their vicinity offer convincing evidence...

Arms trafficking was a booming business in Algeria in the late 1980's. But it has increased to a dangerous extent

in the last two years, with proliferation of terrorist groups that are the principal beneficiaries.

Transported to Algeria in a number of different ways, these weapons, often in large quantities, have ended up at the same drop points in almost every instance: Setif, Khenchela, M'Sila, Medea, or (less frequently) Chlef and Batna. Witness the numerous hauls made by the security services in the last two years.

Undoubtedly most spectacular was the raid at Setif that led to the dismantling, almost exactly a year ago, of the largest clandestine network to appear since independence. No less than 100 individuals, including traffickers, "fences," artisanal weapons (fabricators) were arrested and 842 weapons captured. And this was but the tip of the iceberg, since security services went on several days later to make other arrests, as the trafficking ring had branches in many other wilayas.

Altogether more than 500 traffickers were apprehended. Investigation disclosed that the majority were black-market operators.

A second large arms trafficking network was dismantled in Setif. Beretta and Perfecta automatic pistols were among the weapons seized.

Earlier on, the National Gendarmerie had neutralized 32 persons involved in a network formed in the Khenchela and Batna regions.

In Central province, more specifically in Medea, the National Gendarmerie made another spectacular haul, not only dismantling the network and seizing the weapons but also discovering and destroying a laboratory for gun modification and artisanal bomb fabrication. This dismantling of an international networking for trafficking in weapons of war was a triumph for security forces, but one that also vividly illustrated the current of arms trafficking. The main leaders of this ring, 10 in number, were arrested and imprisoned.

A number of other networks were also dismantled during this two-year period, including those at Mila and M'Sila. But that certainly does not mean all the networks in Algeria have been shut down. There are still many others to continue provisioning the terrorist groups—with the complicity, naturally, of certain foreign countries that are always ready to provide traffickers with facilities and support in this domain.

Reported Contacts With FIS Discussed

94AF0105C Algiers LIBERTE in French 9 Feb 94 p 3

[Article by D.J. Ammar: "Secret Dialogue and the FIS (Islamic Salvation Front)"]

[Text] In his speech to the nation, Mr. Zeroual reaffirmed his commitment to a "nonexclusive" national dialogue.

Although the president, who categorically rejects violence, has discouraged speculation about contacts with the armed groups, those groups that have not committed "irreparable acts" are being urged to come to reason. But no one is saying what constitutes "irreparable."

One may thus assume contacts with the political wing of the FIS [Islamic Salvation Front] are continuing and perhaps intensifying; this may explain recent statements by the party's overseas spokesmen.

It is very likely that the FIS's overseas delegation—and Anwar Haddam (in Washington) in particular—have been contacted by important regime figures as part of the search for representative interlocutors of the movement.

This is what generally reliable sources are saying, and what seems to be behind the surprising statement made by Anwar Haddam, in the United States, calling for cessation of terrorist attacks and condemning violence.

Earlier, feelers regarding dialogue had been put out to Mr. Haddam, and he was not the only target. It has been learned that all the "shuyukh" of the FIS's "Majlis al-Shura" have been at least approached by high-level officials.

It is expected that four interlocutors eventually will be chosen, beginning with Ali Djeddi, who is currently in detention in Blida and considered to be Abassi Madani's "gray eminence."

There have been many rumors about the possibility of FIS being represented by its principal leaders, Abassi Madani and Ali Benhadj, both currently in prison. According to our sources, they have indeed been contacted.

In substance, Abassi Madani is supposed to have told the men who urged him to enter into talks: "Release me. I will give a sermon at the Es Sunna mosque, then I will organize a national march, to stop the violence..." Reportedly his interlocutors counterproposed, less generously, an estoppel of prosecution on charges pending against him, with a possible transfer to house arrest if he were to help bring about a solution to the crisis.

Madani reportedly also demanded resumption of the electoral process starting from the situation that prevailed at the time it was disrupted in January 1992. In other words, that the FIS keep the 188 seats it won in December 1991.

The initially uncooperative Ali Benhadj reportedly has now accepted the idea of FIS participation in dialogue. Thus, according to Mr. Youcef Khatib, president of the NDC [National Dialogue Commission], conversations with the FIS are now focusing on concrete details. It remains to be seen on what basis and within what framework the new dialogue will be situated.

It has also been learned that the FIS would get 40 seats on the National Transition Council. It seems that this number is now quite firm; barring last-minute coalitions, it would put all the other political parties in a minority

position, since the political sector only gets 85 out of the 200 seats (another 85 for associations and organizations, 30 for the state).

But that has not yet happened. As things stand now, the FIS is really in a position to throw a monkey wrench into the process.

Arms Seizure Confirms Previous Suspicions

94AF0157A Algiers *LIBERTE* in French 17 Feb 94 p 3

[Article by D. Ferhat: "Weapons for the Killers"]

[Text] The recent seizure of weapons aboard an Algerian vessel has revived questions about how arms are getting to Algeria.

Neither the official Algerian news service, which first reported the seizure, nor the broadcast news service, which showed pictures of the weapons seized, has provided any further information on the subject. No information has been released regarding date or place of the seizure. All we can be sure of is that the weapons were destined for armed terrorist groups active in Algeria. And it is not the first time. Some countries known for overt collusion with the Islamist movement appear to be behind this illicit trafficking, which they encourage, either directly by supplying arms or indirectly by providing the funds to purchase them. Leaders of the dissolved FIS [Islamic Salvation Front] received arms delivery offers from several countries following the interruption of the electoral process, and even much earlier. Heading the list were Iran and Israel. The numerous weapons of Israeli manufacture (Uzi) found in the possession of terrorists arrested by security services—for example, in connection with last year's attack on Boughzoul barracks—have confirmed that Israel was involved, at least indirectly.

Iran, which gave its full support to the emergence on the national scene of the now-dissolved FIS, had no scruples at the time about selling it—with Israel's approval—Uzis acquired during its war with Iraq. The \$3 million, which the Terrorist International, made available to the FIS last year on the eve of Ramadan was used to pay for the acquisition. Other countries are suspected of serving as intermediaries or directly financing weapons purchases for armed groups active in Algeria. The prime minister, Mr. Redha Malek, openly criticized certain European countries last December for their reckless statements about Algeria, even going so far as to point out to them that some of the arms purchases for Algerian terrorists are made in Europe. Also, during the trial of the authors of the attack on Algiers airport, one of the defendants clearly and directly implicated one of the major hubs of international terrorism—Sudan, in this case—in financing weapons purchases for armed Algerian terrorist groups. While the involvement of certain countries in financing arms purchases for Algerian armed groups may be taken as firmly established, a measure of uncertainty still prevails regarding the involvement of other countries in transporting these weapons to Algeria. On

several occasions, Algerian security services have focused on the Moroccan connection, and President Liamine Zeroual, before his investiture, noted the threat on the country's western borders. In 1991, Moroccan security services reportedly signed with their Iranian counterparts an accord that would make Morocco a transit center for African fundamentalists. This report—which authorities have never denied—appears to have been well-founded, in that several armed individuals have since been intercepted by Algerian security along the border between Algeria and Morocco. There was also the Libyan connection, in particular the fact that the wilaya of Illizi on the Moroccan border has served as a drop point in recent years for Libya-based smugglers.

The cooperation afforded by reputedly "fraternal" countries in transporting arms destined for terrorist cells was for a time of such serious concern that consideration was given to closing the borders with those two countries, especially the Moroccan border, which was reopened in 1988 during the Chadli presidency.

Many of the facts about the security forces' recent seizure of arms on a ship flying the Algerian flag are still hidden from view, but it is a good bet that in the end the truth will not come as a big surprise to anyone...

Differences Between FLN Members, Mehri Emerge

94AF0145C Algiers *EL WATAN* in French 10 Mar 94 p 1

[Editorial by Salim Ghazi: "The Plot"]

[Text] So what is happening at the National Liberation Front [FLN]? For several days, judging from all appearances, Mehri's party has been coping with serious problems with its base. At least if one believes information that has come in initially from Biskra, then Skikda, and finally Algiers, a growing protest movement is reported to be in the process of taking shape to call the party's current leadership to order.

In Biskra and Skikda, two cities reputed to be solid FLN bastions, there were many militants who said publicly that they could no longer recognize themselves in the Mehri team, which has refused to condemn terrorism, the very team that assassinated many militants from its base in a cowardly manner.

In Algiers the anger has grown within a provisional committee "for the holding of an extraordinary FLN congress" to denounce the suicidal positions of this same leadership. Most decidedly, while Mehri continues to distance himself from the government and sets down conditions to restart the dialogue, the base is grumbling.

It is true that not all of the FLN's militants have spoken, but such reactions, coming spontaneously as they do from the masses, are significant for more than one reason. They convey the notion that there is a serious difference between the base and the summit.

Indeed, more democratization is being demanded of a party that today appears, given its leadership's image, to be completely overwhelmed by events. If so, then Mehri runs the risk of paying a high price for his overly refined game, which has made his once single political party an objective ally of the obscurantist stripe.

The base, which appears to be asking that the glorious FLN of 1954-62 be restored to history, wants greater dynamism and a leadership that is closer to democratic aspirations. It is not known whether Hamrouche is playing a part in this plot, which resembles a mini underground revolution waiting to break out into broad daylight.

Dialogue With FIS; Unity of Army Questioned

94AF0145B Algiers EL WATAN in French 19 Mar 94 p 1

[Editorial by Omar Belhouchet: "Unity of Army Endangered"]

[Text] The decision by Liamine Zeroual to continue talking with jailed leaders of the Islamic Salvation Front [FIS], a dissolved political party, could put the unity of the army in danger. A great many of those in the military hierarchy and at intermediate grades as well as among ordinary enlisted men do not like this way of conducting the political dialogue that, in the space of several weeks, favored a marked advance of the fundamentalist movement in Algeria.

There is, the evidence would suggest, a major risk of seeing the country's total destabilization rush forward. Indeed, Algeria is currently experiencing the most dramatic moments of its young existence since independence. You truly have to be a complete innocent to keep on thinking the way some people were barely a few months ago. The fundamentalist movement is an indivisible whole but one that is subdivided into different compartments, oftentimes contradictory ones, to be sure, but that is all. Its basic logic is a rejection of the other.

The record of the dialogue that can be drawn up is an undeniably disastrous one for the country. The state has not negotiated from a position of strength. It has given every impression that it is discussing from a position of weakness, as its numerous concessions, which have produced nothing, demonstrate.

And this attitude was very well understood by FIS leaders who not only failed to lift their little finger to put an end to the terrorism, despite the concessions made by the Algerian state, but who also increased their directives to "burn" the country.

The basic question facing Algerians today is to know whether the Army is going to stand behind a process that will make Algeria disappear a few months from now.

Security Reinforced; Measures Taken

94AF0145A Algiers LIBERTE in French 19 Mar 94 p 3

[Article by D. Ferhat: "Faced With a Resurgence of Assassinations and Acts of Sabotage, the State Reacts: The National People's Assembly (ANP) on the Spot"—first paragraph is LIBERTE introduction]

[Text] It is reported that major antiterrorist measures will soon be considered.

The country's authorities are, it seems, firmly determined to put every chance on their side to conduct the national dialogue under the best security conditions. According to well-informed sources, major decisions are reported to have been considered in this regard at a recent three-day meeting of top military leaders. A beefing up of security forces is reported to have been decided upon. So the main units and barracks are reported to have been put on a state of alert and received major reinforcements of men and materiel. Information reporting the deployment of military units and troop movements in the interior of the country and around the capital would tend to corroborate this on-site return by the state. According to our sources, the meeting of the heads of military staffs is also reported to have studied the eventual need for a partial mobilization of reserve forces so as to enhance the presence of the National People's Assembly [ANP] in urban centers and villages. This last measure would have more of a psychological than a military import. Terrorist propaganda does not cease pummeling people's minds with rumors suggesting that they hold the country in their grip. This reassertion by the state will also be seen through a more decentralized logistic system in the antiterrorist fight. It will be implemented at the national and regional levels, especially in each major city and at local coordinating military headquarters combining the ANP, the national gendarmerie, and the police. This system will allow for a better flow of security information but also for greater efficiency and speed in operations. The justice system also has its role to play in this new strategy. So sentences and general capital punishment orders in the special jurisdictions will henceforth be carried out speedily. It was probably with this in mind that the special court, following several weeks' worth of postponements of major trials, restarted its sessions, handing down six convictions carrying the death penalty. It would appear that in the future terrorists, in particularly those picked up who are armed, will be punished in exemplary fashion. Among other measures that have been mentioned, the heads of the national defense force are reported to have discussed ways of eliminating the armed groups' support and arms supply networks. The issue of closing the borders with Morocco was reported to have been brought up. The country's vast border areas, owing to the contraband trade, are indeed being used to bring in subversive elements and documents but in particular weapons, despite the vigilance of the gendarmerie and the customs service.

The deterioration of the security situation is such that even a state of emergency has been considered. It was, according to our sources, supposed to have been instituted before 24 March, but developments on the political scene and in particular the restart of the national dialogue have, it would seem, helped postpone this measure. It remains to be seen whether these decisions will be enforced in one overall step or gradually.

However, it develops from this redeployment by the state that the overall security formula has not been completely abandoned.

That formula will be used in parallel with "the political solution," in other words discussions with political and social forces. The government, which has increased its appeasement gestures (closing the camps in the south, freeing Boukhamkham and Djeddi, and suspending executions), has been poorly understood, if we may put it that way, by the terrorists. The latter have interpreted the government's attitude as a sign of weakness and stepped up the violence. The policy of concessions has given them the illusion that the reins of power were within their grasp.

Toll of Violence Since Jan

94AF0125D Algiers *EL WATAN* in French 6 Mar 94 p 4

[Article by Sofiane Bensalem: "80 Civilians Murdered in Two Months"; first paragraph is *EL WATAN* introduction]

[Text] **Ahmed Asselah and his son Rabah died tragically yesterday, thus joining a long list of victims of blind terrorism. Since the beginning of the year, hundreds of people—women, children, the elderly, intellectuals, and ordinary unemployed people—have been targeted by killers who no longer deal in small numbers.**

Jijel, Setif, Relizane, Mascara, Blida, Medea, Boumerdes, and Alger are the governorates most affected by this phenomenon. Our staff made a breakdown yesterday of the numbers for the period from 1 January to 5 March, and it shows that 11 war veterans, nine women (including a 94-year-old woman killed inside her home in Sidi Ali Boussidi in the Sidi Bel Abbes Governorate and two 12-year-old girls killed in El Mouradia last 3 February), and 24 citizens, among them two imams and two mosque caretakers, were killed during that period.

During the same period, 23 members of the security services were killed, mostly in Constantine and Annaba (a city where terrorism is making its appearance). Innocence is no protection, since four children were also killed.

The terrorists went so far as to rip off the head of a 13-year-old child in the vicinity of Berrouaghia.

One DEC [expansion not given], three APC [People's Municipal Assembly] officials, and three school principals, including one woman, were killed. About 30 schools were set on fire. Intellectuals and athletes are

favorite targets; three judges were killed in the western part of the country, as were the late Bouguetaya, vice president of the Judo Federation, boxer Said Azzeddine, and journalist Abdelkader Hireche.

Three other journalists barely escaped an attack on their lives.

Members of political parties, especially the FLN [National Liberation Front], the RCD [Rally for Culture and Democracy], and Ettahaddi, are also targets.

Rachid Tigziri, national secretary of Sadi's group, one member of that group, 10 rank-and-file members of the FLN, and four rank-and-file members of El Hachemi Cherif's party were killed in January. The lifeless body of the president of El Irchad Oua El Islah, Bouslimani, was found around the end of that same month. The terrorists also attacked four foreign nationals, including a French reporter. By our count, the number of civilians killed stands at around 80.

In addition, there were many operations by the security services during that period. For example, 191 terrorists were killed, and 144 others were arrested. Our count does not include the 70 members of the MIA [Armed Islamic Movement] who were liquidated by their "enemy brothers" in the GIA [Armed Islamic Group].

As far as weapons are concerned, the security services recovered 58 automatic pistols, 121 shotguns (most of them with sawed-off barrels), 26 homemade bombs, 25 submachine guns, 24 pump-action shotguns, and 20 walkie-talkies. Concerning the socioeconomic infrastructures, the terrorists attacked mainly APC offices, municipal enterprises, cultural centers, and schools. About 100 publicly owned trucks and about 15 APC offices were set on fire.

Those criminal acts were perpetrated particularly in the governorates of Chlef, Relizane, Ain Defla, and Jijel. Lastly, it should be noted that this report is based solely on operations and attacks whose details were made public. Because of that, the number of murdered civilians and police officers is much higher than the figure we knew about. It goes without saying that to some extent, a blackout has been imposed on security information.

Malek on IMF Negotiations, 'Terrorism,' Dialogue

94AF0151A Algiers *EL WATAN* in French 7 Mar 94 pp 1-2

[Interview with Redha Malek before he resigned as Prime Minister by Omar Berbiche and Ali Bahmane; place and date not given: "The State Will Emerge From the Storm the Winner"; first two paragraphs are *EL WATAN* introduction]

[Excerpt] **The negotiations with the IMF, the social cost of structural adjustment, terrorism, and political dialogue are the main themes discussed by Redha Malek.**

[EL WATAN] The IMF agreement will inevitably have a very heavy social cost. What does the government plan to do to soften the immediate effects on the most disadvantaged classes? Are you going to ask the citizens for additional sacrifices? Will they be willing to accept them in today's economic situation?

[Malek] If there are sacrifices, they will have to be shared by all of society, and we will see to it that they are. Both our social cohesion and the effectiveness of our reforms are at stake.

We know that the social safety net has been in place since February 1992, but we can see how relatively ineffective it is at the moment by the fact that it affects over 7.5 million people without satisfactorily targeting those who need the most support.

We must show imagination in order to give it a more consistent content. That should be reflected in the creation of jobs and housing assistance for the most disadvantaged. Incidentally, the increased availability of scarce resources will be of overall benefit to the resumption of certain activities, among them construction and public works, and help bring down unemployment. Along those same lines, the government has plans for a coherent system of social protection comprising retirement, early retirement, unemployment benefits, and social security. Those measures will be implemented in cooperation with our social partners.

[EL WATAN] During his last visit to Algiers, the director general of the IMF mentioned the possibility of a standby agreement for this year. What is the nature of that agreement, what will be its amount, and what socioeconomic effects will it have?

[Malek] A standby agreement, also known as a confirmation agreement, runs for one year and is concerned basically with the external and internal financial equilibriums.

It deals with matters having to do with the price of goods and services, the exchange rate, the interest rate, credit conditions, the budget, trade, and the foreign debt.

Such an agreement precedes the three-year "enlarged facility" agreement that is concerned with structural adjustment—that is, the development of small- and medium-size businesses and the private sector, the rehabilitation of state-owned enterprises, development of the banking sector, the efficiency of the social protection system, and all the measures that strengthen the national economy's competitiveness with respect to other countries.

The enlarged facility being granted by the IMF is accompanied by programs that must be carried out with the World Bank.

[EL WATAN] The IMF director general questioned your government on the issue of the government program.

That insistent concern is not felt only by Camdessus; it is also felt by the social partners who are waiting for your program. Why the delay?

[Malek] Let us understand each other. There is the government program that has an overall character—political, economic, social, and cultural—and on which we are currently working. It necessarily takes time. And then there is the "program" that Camdessus is talking about and which, in IMF language, has specific meaning. It refers to a set of proposals relative to the exchange rate, the interest rate, monetary policy, foreign trade, the budget deficit, prices, and so on. Those are the matters to be covered by the above-mentioned standby agreement. It is those proposals—that "program"—that the director general of the IMF wants to see adopted by Algeria as the expression of a free choice arising from its desire for reform, not as something forced on it from outside.

[EL WATAN] There has been talk of a cabinet reshuffle. Certain cabinet posts remain to be filled. Is the matter being considered?

[Malek] We are working on it. You may think that we are not moving very fast. But there is a time for everything. The main thing is to move forward.

[EL WATAN] Does this mean that the government will remain as it is after the CNT [National Council for Transition] is installed? Is yours a long-term government?

[Malek] Government instability carries a high cost; everyone agrees on that. But that does not prevent some people from continuing to speculate on the subject. It is as though instability would serve their purpose. Any pretext that will encourage a wait-and-see attitude is acceptable to them. We must get rid of that suicidal way of thinking. And this at a time when we are faced with serious security problems and when we are having to confront economic and social problems which, for their part, will not wait.

[EL WATAN] Exactly what is the state doing to face up to the situation of violence? Your statement that not everything has been done to combat terrorism is perplexing. Can it be said today that those steps are being taken?

[Malek] I merely meant that the state has great capabilities for making itself respected and that those multifaceted capabilities must be used more rationally and with more determination.

To hear certain experts in disinformation tell it, you would think the state was at the end of its rope and near collapse. People who think that way are simply confusing their desires with reality. The Algerian state, the historic achievement of an age-old struggle, is unshakable. It will emerge from the storm the winner.

It is true that we are experiencing a tragedy. But the terrorist crimes being perpetrated daily condemn themselves by their absurdity—the horrible nature of their barbarity. No cause and no excuse can justify them. The

population as a whole rejects them. This is something that should be pondered by all those who, at one time or another, have thought they could make religious feeling a convenient tool for their ambitions. But the thing that is perplexing is the strange silence of a certain element of the opposition regarding terrorism. Can a political official worthy of the name, whether in power or not, reasonably keep silent and maintain a wait-and-see attitude in the face of a phenomenon that is a terrible disservice to the country, tarnishes its reputation, and humiliates Algeria as a nation?

[EL WATAN] The agreement between the government and the UGTA [General Union of Algerian Workers] has been denounced in part by the union, according to recent statements by Benhamouda regarding the government's failure to live up to its commitments with respect to the amount of the financial package intended to pay for the wage increases. Is the agreement being broken?

[Malek] Not at all. We reached an agreement, and we are sticking to it. So it will be implemented. The wage increases will be paid, as stipulated, beginning on 1 April, and will be retroactive to 1 January 1994.

[EL WATAN] The success of dialogue also depends on the adoption of pacification measures. The HCE [Higher State Council] announced that new pacification measures would be adopted as dialogue continued. Is that still on the agenda?

[Malek] Let us give the new presidential body time to settle in. President Liamine Zeroual will find ways and means for resuming effective dialogue.

[EL WATAN] What is your position on the rehabilitation of the FIS [Islamic Salvation Front] under its current name or another name and on dialogue between the government and the FIS?

[Malek] That party has been dissolved. There can be no prospect of going back to square one. We simply say that chances for dialogue exist with all sincere patriots who distance themselves from terrorism and recognize that it leads nowhere, stick to constitutional order, and agree to work within the law.

[EL WATAN] On that subject, what is your comment on the attitude of the political parties?

[Malek] The parties need to be a little more constructive. They should take advantage of the transitional period to contribute to national unity, democracy, and a solution to the crisis.

[EL WATAN] Some people are predicting civil war for Algeria.

[Malek] Despite the terrorist crimes, the population is maintaining its attachment to peace and public order.

In those conditions, how can one talk of civil war? The people talking about it are the one who want it. But once again, they are wrong.

[EL WATAN] Some states are openly displaying hostility to Algeria.

[Malek] Algeria harbors no animosity toward anyone. What is certain is that it does not allow any interference in its internal affairs and will be able to respond to such interference with appropriate means, as it has done up to this point. In that connection, it should be pointed out that despite the difficulties it is experiencing, Algeria remains attached to its national sovereignty and rejects all forms of pressure, regardless of their origin.

I would like to take this opportunity to deplore the development of systematic disinformation on the part of certain foreign media with respect to Algeria. It plays into the hands of subversion and certainly does not help to shed light on what is really at stake in the current situation.

Annaba: Situation Said 'Unbearable'

94AF0156B Algiers EL WATAN in French 26 Feb 94 p 1

[Unattributed article filed by the EL WATAN bureau in Annaba: "Security: Annaba Unbearable"—first paragraph is EL WATAN introduction]

[Text] Day after day, Annaba, the steel capital, is becoming increasingly unlivable. The cause of this is the presence of several gangs of armed hooligans who haunt downtown attacking and robbing young women, mothers, and even fathers with families.

Annaba—It is a practice that has become widespread and is encouraged by passivity, indeed by the cowardliness of some who under other circumstances would become conscientious objectors.

So at a time when some people wallow in unchecked carelessness and slovenliness and take home a salary for work that they no longer do, some crazies organize themselves into gangs to produce a reign of terror on sidewalks, streets, and within our government institutions.

Annaba has now regained its 1980's title as the most rotten city in Algeria, literally and figuratively. It is a city in which vagrants, speculators, swindlers, traffickers, influence peddlers, racketeers, housebreakers, and pickpockets fight over workers' salaries. Jostled, indifferent, and discouraged by so many disappointments, these workers get drawn into a feeling that everything is sinister and catastrophic and still try to keep the words fatherland and patriotism in their vocabularies.

The gangs of pickpockets get organized, and so do the prostitutes and young homosexuals. These veritable carriers of viruses and other venereal diseases, veiled or not and even wearing the hijab, and in the company of young toughs, can be found near the Law School campus, at Sunrise Beach, and on Revolution Avenue soliciting

customers or discussing "the price" with drivers, most of whom are farmers in high spirits after the breaking of the fast.

If as regards security [text illegible] the darkest period of its existence, on that of business and prices, it is a massacre. It isn't only speculators who do it, it is practically all young people who have begun to engage in speculation, particularly with products subsidized by the state.

At the El-Hatab Market, at the marketplace, everywhere private business is established, the price checking service has died. It is the big department stores that pay the piper or justify our "brave" checkers coming out. There is the El-Hadjar EDGA, the only store out of 31 others located in five wilayas, that has miraculously saved the store's credibility by putting products within reach of modest pocketbooks and by making a constant effort to supply the population of El-Hadjar and elsewhere; it is the only store to have dealt with most of its bank overdraft and saved 85 jobs; it has just been the victim of a genuine scene entitled "hoarding food."

Now from a survey conducted among a large number of El-Hadjar's citizens it appears that ever since the arrival of the store's new director, the people of El-Hadjar have somewhat forgotten the word shortage in the sense that with respect to [text illegible] and that the sale of goods in an atmosphere of tension occurs under the eye of the daïra's security services. The various people surveyed reported that there was manipulation by the speculators' lobby, which the activity and the efforts made by the El-Hadjar EDGA were disrupting. Workers in the store also unanimously agreed that the case had been fabricated and that they wholeheartedly supported the director of their store.

In fact, if there is hoarding, you need to look for it closer to El-Hatab, the marketplace, in the big department stores. Where semolina and flour are concerned, certain shopkeepers, particularly those in Oued Eddeheb, no longer worry about selling their products since they are already sold well before they get there, but not to neighborhood consumers.

Unlivable by day, Annaba is also unlivable after the breaking of the fast. Although they have been closed for several hours, the cafes, cafeterias, and drugstores are dirty and repellant. Prices for food have doubled. If you want to buy a few grams of kalb ellouz, baklava, or hrissa, you need to spend several dozen dinars.

Security Forces Deployed to 'Dangerous Zones'

94AF0145E Algiers EL WATAN in French 15 Mar 94 p 5

[Article signed "S.G.": "Security Forces: Redeployment in the Algiers Region"]

[Text] In the space of five days, security forces have put about 60 terrorists out of commission, two-thirds being in the Algiers area, the "zone" currently considered to be the most active and most dangerous when it comes to the

resurgence of crime and economic sabotage. Indeed, throughout the entire period of the month of Ramadan, terrorists redoubled their ferocity by stepping up the number of murders of citizens and police officers and destroying numerous schools and industrial plants.

Among the criminals killed, several wanted "heads" have been identified. Here is proof that the "mouse traps" set up by the combined security forces have been very efficient and that even more spectacular results may be expected in the antiterrorist fight.

Furthermore, the killing of 57 dangerous criminals (all well-known fundamentalists) in a relatively short space of time is evidence of a general redeployment in recent days by the security forces, which seem to be going resolutely on the offensive.

So, for example, numerous roadblocks have again been set up at strategic crossroads, while certain areas such as Blida, for example, are under more sustained military surveillance. Round-up operations have also picked up, following the example of those carried out on the outskirts of the capital. In this same vein, it has been pointed out that yesterday the entire area stretching over the heights of the neighborhood called "The Orchards" was entirely surrounded by security forces. The reason for this was that a very active terrorist group was operating in that region and was even the cause of several altercations with security forces. So the residential "Orchards" neighborhood was serving as a refuge for this fearsome group that was terrorizing nearby areas such as Birkhadem and Kouba. So this entire zone was put under heightened, though discreet, surveillance.

It is the same for the Casbah, where terrorist groups, aided, it needs to be said, by several accomplices among its citizens, were growing with considerable ease. The old city was tending towards becoming a veritable ghetto in which residents found themselves completely terrorized. This area seems to have been retaken by the authorities, who have attempted to carry on the fight until the end to clean the Casbah of its dangerous criminals and allow citizens to resume their normal lives.

EGYPT

1993 Fiscal Report Shows Stabilizing Economy

94LD0014B Cairo AL-AHRAM AL-DUWALI in Arabic
28 Feb 94 p 4

[Article by Mamduh al-Wali: "The Annual Report on Economic Performance for 1993 Says: Important Indicators of Economic Stability and Success of the Liberalization Policy, Including Decrease in Inflation, Stabilization of Interest Rates on Deposits, and Increase in Energy Production"]

[Text] The Center of Information and Decision-Making Support in the Cabinet, under the supervision of Dr. Hisham al-Sharif, has prepared a comprehensive report

concerning Egypt's economic performance in 1993. According to the report, a number of economic indicators provide evidence of Egypt's economic stability and the success of its economic liberalization policy, the most important of these being the decrease in the rate of inflation, stability of banking transactions, and an increase in domestic production of all types of energy.

By means of an examination of the most important information that appeared in the annual report dealing with Egypt's economic performance in 1993, we can monitor the important economic indicators in this "economic thermometer."

First we note the most important indicator of the economic stability, the success of the fiscal policy, and the monetary transactions, and this is the clear decrease in rates of inflation during the months of 1993, as opposed to the months of 1992. After inflation reached 22.1 percent in May of 1992, it began to decrease slowly during the subsequent months until it dropped to 13.6 percent by the end of the year.

In 1993, inflation continued to gradually go down until May, when it was 10.6 percent, and then it once again went up slightly until it reached 12.1 percent during the months of November and December.

The indicator of foreign currency exchange rates during 1993, until the end of the first week of February of the current year, shows an increase in the exchange rates of the dollar and the Japanese yen, whereas there was a decrease in the exchange rates of the pound sterling, the German mark, the French franc, and the unified European currency. Although the exchange rate of the dollar rose only slightly all during 1992, the dollar underwent lots of rate changes in during 1993. In January of 1992 its rate was 332.47 piasters, and in January of 1993 its rate was 333.76 piasters, but by January of 1994 its rate had risen to 337.24 piasters and it went up several millimees by the first week of February of this year.

Continuing Decrease

The interest rate on treasury bonds continued to go down during the last two years. After having been 19.6 percent in October of 1991, it went down to 16.6 percent by the end of 1992 and was 14.4 percent by the end of 1993. The average interest rate by the first week of February of this year was 13.8 percent.

This decrease had an effect on the continuation of the decrease of the average interest rate on deposits in Egyptian pounds. After the rate had been 18 percent in January of 1992, it went down to 15.2 percent by the end of the year. During the first half of 1993 it continued to decrease, and it has hovered around 12.5 percent since last July until the first week of February of this year, and it is expected to decrease slightly during the coming months.

These expectations are reinforced by the decrease in the relative difference between the rate of inflation and the

interest rates on deposits. During the months of November and December of last year, the rate of inflation reached 12.1 percent. Likewise, there was a continued decrease in the lending and discount rate, which had fallen to 20.5 percent in January of 1992, then 18.5 percent in January of 1993, and then 16.25 percent by January of 1994 and the first week of February of this year. However, actual loans made by banks indicated a transaction rate of 13 percent.

Private sector loans in local currency from banks decreased during the second half of 1993, in spite of the liquidity that accumulated in the banks. Therefore expectations are that there probably will be a decrease in the loan interest rate, since this is one of the means by which one can emerge from the current situation of stagnation.

Interest rates on U.S. dollar deposits have nearly stabilized. In January of 1993 they were around 3.25 percent, then they went down to 3.04 percent by April of last year, and have stayed at this point since then until the first week of February of this year.

Steady Increase

All of the indicators dealing with the Suez Canal show an increase in 1993 compared with the previous year. The number of ships going through the canal increased by 798, or 4 percent, making the total 17,329. The number of oil tankers going through the canal increased by 51, or 1.6 percent, making the total 3,204. Consequently, tonnage carried by ships going through the canal increased by about 27 million tons, or 7 percent, making the total 397 million tons. This resulted in an increase in revenues of about \$85 million, or 4.5 percent, making the total \$1.961 billion.

In the sea and air transport sector, there was an increase in the volume of nonpetroleum goods transported by sea and by air. The increase was 14 percent over last year, and totaled 25.987 million tons.

In the sector of land transport, the total number of vehicles by October of 1993 was 2.236 million, of which 935,000 were private vehicles and 384,000 were trucks.

Increase in Firms and Decrease in Bankruptcy

The number of stock corporations obtaining operating licenses, increased by 29, or 10 percent, over last year, and they totaled 847. The Corporations Administration gave its approval to 594 of these companies, and the remaining 253 were approved by the Investment Authority.

The capital of these corporations was 53 percent, or 2.803 billion pounds, less than the capital of companies which obtained licenses in 1992, thus making the 1993 total 2.133 billion Egyptian pounds, as opposed to 4.754 billion Egyptian pounds. [figures as published]

Business bankruptcies went down to 4,798 during the first nine months of 1993, after they had totaled 5,918

during the same period in the previous year. The number of bankruptcies was lowest during March of 1993, whereas the highest rate was in May of 1993.

Tourism Down

Indicators showed a decrease in tourism in 1993, as compared with the previous year, of 29 percent in terms of the number of overnight stays in Egypt and 20 percent in terms of the number of tourists coming to Egypt. The number of tourists who came totaled 2,503 million, representing a decrease of 643,000. The total number of overnight stays was 15.890 million, representing a decrease of 6.929 million. At the same time, there was only a very slight decrease in the average length of stay of the tourists, since this figure was 5.8 overnight stays as opposed to about 6.7 overnight stays. These indicators were also reflected in the total in income earned from tourism until November of 1993, which was \$1.294 billion, representing a decrease of \$953 million, or 42 percent, over the same time period in the previous year.

Progress in Energy

The forms of energy produced were as follows: The total production of generated electricity in 1993 was 47.937 million megawatt-hours. This represents an increase of 1509 million megawatt-hours, or 3.2 percent, over production in 1992. In spite of this increase, the total in electric services provided was about 1.788 million megawatt-hours, or 4.6 percent, less in 1993 than it was in 1992.

Petroleum production for 1993 increased so that it totaled 46.364 trillion tons. This represents an increase of 1.109 million tons, or 2.4 percent, over the previous year. Petroleum consumption in 1993 also increased, totaling 21.707 million tons, representing an increase of 268,000 tons, or 1.2 percent, over the previous year. The percentage of domestic consumption of petroleum, as compared with the total production in 1993, was 46.8 percent, and this represents a 56-percent decrease over the previous year.

Natural gas production in 1993 totaled 8.884 million tons, representing an increase of 1.706 million tons, or 23.7 percent, over the previous year. The same increase occurred in natural gas services, the total being 8.229 million tons in 1993, representing an increase of 1.102 million tons, or 15.4 percent, over the previous year. This was reflected in the increase in the percentage of total gas consumed as compared with total gas produced, which was 99.2 percent in 1993, as opposed to 92.6 percent in the previous year.

Sales of cement in the construction and building materials sector decreased by 946,000 tons, or 5.7 percent, over 1992. The total for 1993 was 15.553 million tons. The months of January, February, and March showed the lowest rates of sales, whereas the months of July, August, and September showed the highest rates.

Unlike sales of cement, sales of reinforcement iron in 1993 increased over the previous year. This increase was by about 82,000 tons, or 7.2 percent, and the total for the year was 1.210 million tons. The month of September showed the lowest rate of sales, whereas the months of December and May showed the highest.

Civil Servants Seek Balance in Pay, Price Increases

94LD0014A Cairo AL-WAFD in Arabic 22 Feb 94 p 3

[Article by Hanan Abu Diya: "Employees Reject Next Cost-of-Living Pay Increase and Demand That Government Fix Prices!"]

[Text] A few days ago a committee, chaired by Dr. Husayn Ramzi Kadhim, head of the Central Regulation and Administration Agency, held a meeting in which the subject of discussion was the draft of a new law for government employees. The committee's discussions focused on means to guarantee that salaries will not be frozen. One of these principal means would be making the pay grades open-ended at the top, since this would lead to direct salary increases that would not be dependent on promotions. Another proposal discussed by the committee involves freeing periodic pay increases so that they would not stop at the top of the pay scale, or preparation of new salary tables that would include making the pay grades open-ended at the top. Still another proposal would grant a single pay increase that would include both the periodic pay increase and the cost-of-living pay increase and would amount to about 10 percent of one's salary.

Unfortunately, however, increases in salaries—however slight—are always followed by increases in prices, and the two increases do not match each other. Although 10 percent annual cost-of-living pay increases, amounting to an overall increase of 110 percent, have been added to salaries during past years, prices, according to statistics, have increased 224 percent. The strange thing is that officials are still fumbling around concerning the next pay increase, and every day we hear about a new opinion that already gets changed the following day.

On 12 February of this year a meeting was held in the Ministry of Finance for the purpose of discussing the implementation of the decision by Prime Minister Dr. 'Atif Sidqi, concerning combining the periodic pay increase with the cost-of-living pay increase and having this be in effect starting with the new budget next July. An official in the ministry has said that Dr. Sidqi's decision is the result of the government's endeavoring to grant a cost-of-living pay increase to government employees when the new budget goes into effect, in accordance with the policy of achieving a balance between wages and prices and lightening these employees' burdens!!

He said that the amount of the cost-of-living pay increase to be paid out with July's salaries will be finalized during the month of April. He pointed out that there are several

different proposals being studied by the government, including keeping the cost-of-living pay increase as it is, that is, separate from the periodic pay increase or combining the cost-of-living pay increase with the periodic pay increase.

During this period of time the government will study the expenses involved in putting into effect the new 10 percent increase in government employees' wages next 1 July, and will also study the expenses involved in combining the cost-of-living pay increase with basic salaries—and these expenses amount to about 150 million Egyptian pounds.

Dr. Sidqi has previously stated that the government intends to grant the cost-of-living pay increase next July, in accordance with the policy of achieving a balance between wages and prices and lightening employees' burdens. He said that the amount of this cost-of-living pay increase has still not been determined, that there are ongoing studies dealing with instituting it, and that there are different proposals being studied by the government, including keeping the cost-of-living pay increase separate from the periodic pay increase.

He said that he personally would get a pay increase of 21 Egyptian pounds, and that a minister's pay increase would amount to 15 Egyptian pounds.

During the same month, Ahmad al-'Awami, minister of manpower and employment, announced that the percentage of the cost-of-living pay increase for government employees still has not been determined and that this matter would, in due time, be discussed with the ministries concerned.

This information also appears at a time when the media has published a statement by Dr. Sidqi to the effect that, during the next few days, he will look into the demands of the Federation of Labor Unions and Heads of Labor Unions concerning raising the percentage of the cost-of-living pay increase, to be paid out next July, from 10-20 percent.

Of course, all of these statements have aroused resentment on the part of employees and workers with limited incomes. All during the last few years they have heard and read such statements, and the only thing that has happened has been the payment very small cost-of-living pay increases which have lagged far behind pay increases!!

All of the above has concerned government employees. As far as employees in companies are concerned, the holding companies have recently prepared wage tables that have the following features, among others: Level 3 of the civil [service] positions, including Categories 6, 5, 4, and 3, would have starting salaries of between 100 and 300 Egyptian pounds. For Level 2 of the technical, administrative, and specialist positions requiring intermediate level and high level qualifications, including Categories 4, 3, and 2, the starting salaries would be between 120 and 300 Egyptian pounds. For Level 1 of all

higher positions, including even the director of a department, the starting salaries would be between 150 and 400 Egyptian pounds. The wage tables also would include the fact that the proposed periodic pay increase be from 5 to 40 Egyptian pounds.

All of these things discussed above are merely proposals and declarations made unilaterally, that is, made by officials in charge. But how do things really stand, and what is being said by the employees themselves, the people most concerned?

First of all, the proposal being discussed which concerns abolishing the top end of the pay scale for the grades of the various positions, if applied, would constitute an important achievement, especially since, at the present time, employees are not allowed to receive any pay increases after arriving at the top of the pay scale, unless the law stipulates otherwise. There is nothing stated in Law 47 of 1978 which permits this. However, we note that Law 6 of 1977, which was issued in order to grant an additional pay increase to employees as of 1 January 1977, does permit the granting of this pay increase, even if an employee, by receiving such a pay increase, would have pay which would go beyond the top pay scale stipulated for his position. This law has been in effect in this area, and it predates Law 47 of 1978.

Another legal passage of this type that constitutes an exception is the passage in Article 103 of Law 47 of 1978 dealing with transfer regulations that stipulates that employees shall have either the starting salaries of the positions to which they are transferred or a pay increase, whichever is greater, even if this means that they would thus have pay that goes beyond the top end of the pay scale, and this pay increase shall not affect the employees' periodic pay increases. According to this passage, an employee shall be granted an additional pay increase even if this means that his pay will go beyond the top end of the pay scale for the position's grade. There is also Passage No. 52, which constitutes an exception and which stipulates the granting of an incentive pay increase even if this means that the employee's pay would go beyond the top end of the pay scale for his grade.

Rushdi Muhammad says: "I have been a Category 1 employee for 10 years. I don't care about grades or pay increases after seeing that my salary, incentive payments, and allowances are not enough to cover my life's basic necessities for even 10 days out of every month!! I suggest that the government be interested in people as such before engaging in talk about cost-of-living pay increases. We actually do get a lot of cost-of-living pay increases, but the increases in prices are far greater and our salaries are not enough to meet our basic needs. They are not even enough for our food alone, much less for clothes, housing, and medical expenses." He added: "The government is always announcing that it has lowered taxes for employees and given them wage increases.

The truth is that it has taken all this away many times over in the form of prices for services such as electricity, water, and transportation."

Sayyid al-Hujurati, an employee in the water utility, had the following to say: "What can I do with a 10-percent pay increase with the high cost of living that we have? Even though salaries, as they say, have increased 100 percent during the last 10 years, they have not enabled Egyptians to even have enough for the basic necessities of life." He feels that it would be more worthwhile to fix prices than to give pay increases, and said: "I used to buy a kilogram of meat for 68 piasters. But today the price of this meat in the 13 consumer cooperatives has gone up to 1 Egyptian pound. Is the 10 percent enough to take care of the steep rise in the prices of meat, bread, and only the basic necessities?" He went on to say: "For three years the officials have been saying that they are looking into the matter of making pay grades open-ended, but unfortunately this has not happened. If it does happen, I believe that it will significantly decrease the effect of the high prices which employees suffer from."

Samir Muhammad al-Nu'man, an employee in the Egyptian Commercial Medicines Co., says: "Giving one a pay increase that amounts to 10 percent of one's salary will not add much to the salary and will not decrease the burdens on an employee's shoulders. Whatever the pay increase is, it is always far less than the insane increase in prices. This is particularly true because the pay increase is never linked to the increase in prices and the current actual value of the Egyptian pound."

Dr. Faruq 'Abd-al-Salam says: "As for the matter of achieving a balance between the system of periodic and cost-of-living pay increases now in effect and a permanent pay increase amounting to 10 percent of one's salary, this is something that will neither hasten nor delay—to either a large or a small degree—the problem that afflicts our worn-out Egyptian people. We are only talking about a difference in milliemes, which cannot keep a person alive. There are three basic reasons for saying this. First of all, changing the type of pay increase, whether this involves the various kinds of pay increases or regular raises, amounts to nothing more than a sedative. This would be true even if the regular raise were 100 percent of one's salary. The reason for this is that prices nowadays have become a vicious monster, which is dozens of times greater than any increase in pay that the government might give to its employees."

Mayisah 'Abd al-Rahim, an employee, says: "By means of simple arithmetic I found out that the value of a pay increase would not increase my salary by more than 10 Egyptian pounds, most of which would be spent on transportation within only a two-day period. I would not be able to make use of this pay increase to buy anything that I want to buy, especially since prices continually go up. I believe that pay increases should be in line with price increases and should not be fixed."

'Abd al-Rahman Mustafa 'Iraqi, director of a consumer cooperatives company, says: "The pay increases, no matter what they are, will not be enough to cover the basic necessities of average Egyptians. I do not believe that a 10-percent salary increase will benefit our citizens. Such a pay increase is not enough even to buy just one kilogram of meat or 20 flat loaves of bread. If an Egyptian wants to buy a new shirt, he has to save the money earned from this pay increase for at least four months. The ideal solution is to link the pay increases with the rises in prices."

Impact of Stock Market Stimulation Law Assessed

94LD0011A Cairo AKHIR SA'AH in Arabic 16 Feb 94
p 12

[Interviews with Dr. Fajj al-Nur; Mahmud Fahmi, the former head of the Capital Market Authority; Hasan 'Abbas Zaki, the former economy minister and chairman of the Arab International Banking Corporation; and Dr. Hamdi 'Abd-al-'Azim, dean of al-Sadat Administrative Sciences Academy-Tanta Branch, by 'Ala'-al-Din Mustafa; place and date not given—first seven paragraphs AKHIR SA'AH introduction]

[Text] Since the promulgation of Law No. 95 of 1992, which regulates the issuance and exchange of securities and companies active in securities, there has been incessant talk among everyone concerned with economic reforms of stimulating the stock market. However, at the same time, efforts have not been stepped up to explain and track what is happening in the securities market. Such efforts are especially needed, because the legislative tools of economic reform, or the improvement of the legal frameworks in which investment projects operate, will not realize the hopes pinned on them for an improvement in the national economy unless the Egyptian capital market and stock market resume operating efficiently, to take their place among international stock markets and capital markets.

In this report, AKHIR SA'AH sheds light on the conditions and requirements which must be met to expedite the revival of Egypt's market. This revival is especially needed in order to move ahead with privatization through the offering of public companies' shares on the stock market. These offerings will achieve the desired goal of expanding the ownership base and promoting greater activity and vitality in the capital market and stock market.

We spoke first with Dr. Muhammad Hasan Fajj al-Nur. He states that many entered the stock market for the first time after the promulgation of Law No. 95 of 1992 (the Capital Market Law). This law is designed to expand the ownership base, develop and stimulate the capital market, and finance the market directly through the offering of securities after disclosure of the financial positions and distributed profits [of the companies whose shares are offered]. As of 7 January 1994, the

General Capital Market Authority had authorized seven companies, with 76.5 million Egyptian pounds in capital, to engage in securities activity.

The authority also authorized the issuance of: 248 original shares amounting to 765.8 million pounds or \$101.9 million in capital, and 138 shares when capital is increased by 975 million pounds or \$39.9 million; and financing instruments and bonds amounting to 60.5 million pounds in capital.

The authority also issued seven licenses amounting to 30 million pounds in capital, and the establishment of 22 labor unions, bringing the total number of authorizations to 425 amounting to capital of 190.78 million pounds or \$141.8 million.

In addition, the Bank of Egypt was authorized to engage in investment fund activity and to issue 500 million pounds in investment certificates, and the National Bank was authorized to engage in investment fund activity and to issue 100 million pounds in investment certificates.

According to Dr. Fajj al-Nur, final approval will be given after a board of directors for the authority is formed.

Expansion of the Ownership Base

[Mustafa] Although more than two years have passed since the Capital Market Law was promulgated, the market has still not achieved the desired activity level. Why is this so? Can it be attributed to reluctance among savings account holders to give up their desire for and choice of the safe route of saving in banks, especially after the painful experience of the investment companies?

[Al-Nur] The investment companies affair undoubtedly casts a pall on the development of the capital market and on activity in the stock market. But an objective reading of the development of stock exchange activity over the past two years shows that there has been activity and trade. But more time and greater awareness, which is the media's role, are needed.

Nonetheless, the stock market has undergone technological development. The Cairo and Alexandria stock markets have been linked, trading in shares and securities has been computerized, and operations and trading are monitored on screens.

[Background] Dr. Fajj al-Nur stressed that Egypt's capital market will succeed only if the privatization program proceeds in tandem with it. Privatization requires an expansion of the ownership base through the stock market, not through the auctioning of public-sector assets. This is especially so given the privatization program's main aim, which is to expand the ownership base.

The expansion of the ownership base differs from the concept of the expansion of the private ownership base. Expansion of the ownership base entails ownership on a wide scale, i.e., as many citizens and workers as possible owning the largest number possible of shares in the

companies offered for sale. Expansion of the private ownership base means auctioning one or more assets of a company to one or more buyers. The state's goal at this stage is to deepen the sense of identification by expanding the ownership base on a wide scale, and to enable capital owners to obtain the financing they need to increase their investments. The state aims to achieve this through a strong market that is based on supervision which relies on transparency and openness.

Development and Modernization of the Stock Market

[Mustafa] Where does Egypt's capital market rank among international markets?

[Al-Nur] Egypt's capital market, which has begun to attract attention worldwide, is ranked 20th among 50 recently established capital markets, according to a ranking of recently established stock markets performed by Euro Money to measure the maturity and efficiency of these markets. Taiwan's market is in first place. The Southeast Asian markets are also ranked highly. Most of them are in the top 20.

[Background] Dr. Fajj al-Nur states that the following criteria were used to measure the capital markets' efficiency and ability to attract foreign investments:

- Market size, which consists of the market's market value and the number of securities registered on its stock markets.
- Liquidity, which is the ratio of the total value transacted during the past year to the market's total market value.
- Number of weekly trading hours.
- Strength of market concentration, which means the percentage of market value held by the 10 largest companies, in terms of the ratio of total market value to their shares traded, and the ratio of the total value traded to the value of their shares traded.
- The cost of a transaction, which includes the broker's commission, stamp taxes, transaction expenses, and value-added taxes.
- The duration of clearance and settlement arrangements.
- Degree of reserve.
- The market's ability to attract foreign investments.

According to these criteria, Egypt's capital market is ranked 20th out of a total of 50 markets that have been developed over the past decade. This ranking is attributed to the development of the market which occurred in particular as a result of the promulgation of Law No. 95 of 1992, which regulates the capital market. It is also attributed to the programs that were created to develop and modernize the stock markets, and the encouragement of the business sector to provide services in the securities area that had previously been lacking. All of these factors have done much to promote the attraction of foreign investments, especially investments by large financial organizations seeking new markets, especially markets in stable countries which pursue sound economic policies, in which to spread their investments.

Dr. Fajj al-Nur emphasizes that the privatization of public-sector units through the stock market will advance the capital relative to international capital markets. This will draw attention to Egypt's capital market as an important, rising market in the world.

The Shares of Public-Sector Companies

Justice Mahmud Fahmi, the former head of the Capital Market Authority, believes that the liberalization of Egypt's economy, progress in the economic reform program, the giving of the lion's share of the leadership of economic activity to the private sector, and the success of the privatization policy all require a strong capital market. Hence, the General Capital Market Authority plays an essential, decisive role. One of its main tasks is to adopt all of the necessary means to consolidate national savings and channel them toward legitimate investment channels. This requires stimulating the issues market, i.e., establishing stock companies and joint stock companies that issue securities (stocks and bonds). It also requires measures to induce individuals to invest their savings in these securities. The authority is also tasked with supervising and controlling the secondary market, which is the securities exchange market. It performs this function on the stock exchange to protect securities transactors.

A strong, regulated securities market with a high degree of efficiency, transparency, and absorptive capacity must be created if it is desired to channel national savings into investment in securities. This is especially essential in view of the decision to offer for sale, to the public and small savers, some shares that the public business sector owns in companies in the governorates or in public-sector companies. Thus, measures are needed to upgrade the Cairo and Alexandria stock exchanges and to establish essential financial organizations. This will strengthen both of these markets' capacity to absorb the shares of public-sector companies that will be offered for sale to the public.

It should be noted that disposal through the sale of all or some of these shares will achieve privatization while allowing the relevant companies to continue enjoying their status as legal persons. The disposal will be limited to the transfer of the ownership of these companies' shares wholly or partially—49 percent or more—to the private sector by offering the shares for sale on the stock market and through securities brokers or brokerage companies to be established under the Capital Market Law No. 95 of 1992 and its implementing regulations.

Justice Mahmud Fahmi concludes by saying that the liberalization of Egypt's economy and economic

reform—through the use of a multiplicity of tools, whether legislative or the improvement of the legal frameworks in which investment projects of the private sector, investment sector, or public business sector operate—cannot succeed in improving national economic performance as hoped, unless they are accompanied by the strengthening of the capital market in its broad sense, i.e., in its capacity as a money market, capital market, and a securities market.

Therefore, the government initiated measures to improve the performance of the money market and the capital market, and it issued Law No. 95 of 1992 on 22 June 1992.

Numerous Types of Bonds

Dr. Hasan 'Abbas Zaki, a former economic minister and the chairman of the Arab International Banking Corporation, believes that numerous factors play a role in stimulating the capital market. These factors relate to making investors aware of the benefit of investing through securities transactions. They also related to the securities themselves.

There are more than 20 types of instruments, i.e., stocks and bonds, traded in the world's stock markets. There are nominal shares, fully-paid shares, preference shares, limited-term capital participation shares, bonds convertible into shares, and other types of stocks that are traded on international stock exchanges.

Integrated Measures and Policies

Dr. Hamdi 'Abd-al-'Azim, dean of al-Sadat Administrative Sciences Academy-Tanta Branch, believes that the stimulation of the capital market can be accomplished through a package of policies, which must be integrated. This depends on the seriousness of economic liberalization policies in terms of promoting the private sector, granting some advantages and tax exemptions to securities, liberalizing foreign trade and the export of basic commodities such as cotton far from compulsory delivery, reactivating the ready-made goods exchange that existed in Alexandria before the revolution, reactivating the future contracts exchange, and developing an international communications network.

Attention should also be given to predictive studies and computer programs designed to generate forecasts and predictions, and to the gradual linkage of the stock market to international stock markets.

Also, the issuance of modestly valued treasury notes for purchase by individuals should be expanded, and the number of moneychanging companies should be increased.

IRAQ

Al-Chalabi on Conditions for Baghdad-UN Reconciliation*94LH0018A London AL-HAYAH in Arabic 8 Jan 94 p 15*

[Article by Hasan al-Chalabi, chairman of Constitution Committee of Iraqi National Congress]

[Text] It is common knowledge that the Gulf war would not be considered over just with the liberation of Kuwait and the defeat of Saddam Husayn and his regime, but rather it will be considered over when the regime of Saddam Husayn is eradicated. This is because aggression under all laws, legislation, and customs does not end or stop by resisting the actions with which aggression was perpetrated, but rather by resisting the perpetrator, by punishing him, and by preventing him from repeating the crimes he committed. Therefore, in order for the punishment to be effectual the criminal must be apprehended.

Proponents of the strategy calling for Saddam's regime to stay in power say that this regime, having endured confrontation with storms, hurricanes, and earthquakes, while facing the blockade imposed on it for more than three years, has shown a unique ability to stand fast and to overcome difficulties. They say this calls for ending the boycott against him in order to resume economic and diplomatic relations with his regime. Advocates of this idea do not forget to bring up the subject of the danger of partitioning Iraq into a Kurdish state in the north, a Sunni state in the center, and a Shiite state in the south, that is in case the Baghdad regime were to cease to exist.

This strategy has undoubtedly scored some undeniable success. At the Security Council, Saddam's regime entered a new stage favorable to him after the Security Council welcomed Iraq's acceptance of Resolution 715. This resolution places all the civilian and military establishments and installations under UN observation and erects a system of constant monitoring and verification aimed at preventing the Iraqi regime from possessing prohibited weapons. Saddam Husayn has surprised the Security Council by accepting what he previously constantly rejected, speculating on the Security Council's reaction in order to see where this will lead.

This speculation is based on the evaluation of the positions of the Security Council members, the undercurrent of disputes between members of the international alliance in the Gulf war, particularly within the framework of the terms for lifting the oil ban on Iraq, and the quest for dialogue and normalization with Washington, which the Iraqi president is so anxious to realize.

If those who advocate keeping Saddam in power in Iraq, such as some Arab and European governments, oil companies, newspapers publishers, writers, and commentators, be they Arab or non-Arab, have achieved a measure of success—which is evident in bringing certain

countries closer to accepting his [Saddam's] rehabilitation and reconciliation with him—those advocating his removal from power have also scored an undeniable measure of success in their strategy.

The Alliance, which the Iraqi National Congress [INC] has set up, is comprised of various races, communities, religions, political currents in the Iraqi opposition, including Kurds, Islamists, nationalists, democrats, and Marxists. The Alliance has been able to build a geographic, physical, and human base inside Iraq. This was something that the opposition had always lacked before this achievement was realized. This Alliance, represented by the INC, has also been able to establish a solid political and organizational structure having its own jurisdictions, powers, and authority—a step, the first of its kind that the Iraqi opposition adopted. The Alliance has also been able to gain a solid international ground, by virtue of the international and regional recognition it gained. Those who question its reality are only those who do not understand its significance and dimensions or those who want to mislead the people by distorting facts and obliterating them.

I do not understand why critics of the INC insist that one and all members of the opposition should join it so that unity can be achieved through it. It is known that in the principles of politics and law consensus that includes every individual is impossible, even in matters of jurisprudence, let alone in matters of politics.

The proponents of the strategy that seeks to get rid of Saddam are aware how skillful he is in cheating and misleading. Clause 22 of Resolution 687, to which he adheres, essentially consists of two elements. One is technical, contained in the report by the committee charged with ensuring the removal of weapons of mass destruction that the regime possesses, and the second is political, relating to the Security Council's being satisfied with what has been accomplished so far with regard to the destruction of the banned weapons. It also concerns making sure that [Saddam] will not again be able to possess such weapons in the future. Therefore, it is not imperative that the two elements be implemented in succession, whereby if the first is implemented then it follows that the second should be implemented too. This gives the Security Council the option of lifting the embargo on Saddam's regime, even if the committee concerned announces Saddam's compliance with the terms of the aforementioned clause, as its chairman Rolf Ekeus declared. [sentence as published]

It would have been far more equitable and right had the Security Council acted according to Chapter Seven, since it is empowered to do so by Resolutions 706 and 712, in order to force the Baghdad regime to pump its oil and sell it and allocate its revenues to meeting the people's basic needs for food and medicine under UN supervision, as provided for in the two resolutions in question. This would enable them to alleviate the crushing hardship the Iraqi people are suffering and, at the same time,

prevent Saddam from once again utilizing the oil revenues, if restored to his control, for his evil purposes and reckless policy of subjugating the people and committing invasion and aggression.

In light of the efforts of the strategy seeking to maintain Saddam in office, it must be admitted that the counter-strategy seeking to remove him has scored brilliant successes in the international arena. The Iraqi opposition, as is known, has been able to win international support for its struggle.

This support sometimes has come from the United Nations and other times from influential international powers such as the United States and Britain. It is worth mentioning that UN support for the Iraqi people and Iraqi opposition in Resolution 688 issued by the Security Council recognizes the Iraqi people's brave stand in the face of Saddam's regime, respecting its rights, and setting out methods that would change the Iraqi regime into a democratic regime respecting human rights.

The support and backing the influential international powers have given the Iraqi opposition in order to achieve its objectives of liberation and change has steadily increased since it has been able to organize its ranks and enhance them with cadres capable of undertaking serious work. This was realized at the Vienna meeting in late June 1992 under the INC banner. One of the expressions of strong support and backing that stand out is that of Vice President Al Gore who on 1 September 1993 sent a message to the chairman of the INC Executive Council. (AL-HAYAH September 1993 issue no. 11161).

In this context President Bill Clinton said in his message to the House of Representatives and the Senate in late November 1993 that the "only way for Iraq to return to the community of civilized nations is through the democratic process, respect for human rights, and adherence to the principles of international behavior." He added: "The Iraqi Government should represent all its people and abide by the integrity of its land and sovereignty." He expressed the belief that "the INC adheres to the objectives that would turn Iraq into a stabilizing force in the Gulf area." He noted that "setting up a no-fly zone in northern Iraq allows for monitoring of Iraq's compliance with Security Council Resolutions 687 and 688 and deters it from launching a major military assault in the area."

One might wonder of what use are these pledges and commitments, with the United States having defaulted on many of them, as it did in the recent case of Somalia. In order to further clarify this point we would say that the INC leadership is fully aware that international pledges and promises alone are not enough. Therefore, they must be maintained in order to see how compatible they are with the interests of the party making them, so that if there is an imbalance or lack of balance between commitment on one hand and interest on the other, implementation of such commitment will falter and

sometimes even fall as has actually happened in Somalia, Bosnia and Herzegovina, and Haiti.

It must be recognized therefore that there is a great and serious difference between the consequences of what happened in Iraq and the area around it and of what is happening in Somalia, Bosnia and Herzegovina, and other parts of the world. When Saddam Husayn invaded Kuwait, the United States dispatched to the Gulf about 700,000 troops of allied forces with the latest equipment and technology and the deadliest weapons. The United States went ahead with fulfilling its commitments despite the very heavy burden they constituted. At the same time it has been unable or unwilling to send a few thousand troops to this or that trouble spot in the world.

It must be admitted that the importance of strategic locations in the world vary greatly and that the international vital interests in those areas vary greatly too. Therefore, the consequences of Saddam's aggression against Kuwait and the Gulf region security should be dealt with with the same firmness and effectiveness. Perhaps the interview THE NEW YORK TIMES published on 19 January 1993 with the permanent U.S. delegate to the United Nations, Madeleine Albright, in which she spoke about what she called new terms that President Clinton's administration is trying to impose on Iraq before the ban on its oil exports is lifted, corroborates what we said.

In the interview Albright said the new U.S. position calls for dealing with the question of sanctions in two stages. The first is that Rolf Ekeus, chairman of the committee responsible for the Iraqi arms program, should testify that Baghdad has abandoned nuclear, chemical, and biological weapons programs in accordance with Resolution 687, and the second is that the committee should prove that it is capable of actual monitoring of the Iraqi industry in order to ensure that Iraq will not return to producing such weapons. Albright said: "We want a record proving compliance for a period of six to 12 months of continuous monitoring."

In the preamble of its Resolution 687, the Security Council has expressed its distrust in Saddam Husayn's regime, and this is the resolution Saddam Husayn has been using as an excuse for reconciliation and for lifting the siege. [as published] He has shown that he is unable to respect any treaty, agreement, or covenant that Iraq has signed or joined that aims at deterring him from committing more of such actions. His peaceful intentions are in dire need of being tested. He is in a state of continuous blatant violation of Resolution 688. So far he has failed to stop persecuting his own people and complying with methods provided in the resolution for this purpose, the aim of which is to end the dictatorial character of the Iraqi regime and establish democracy in its place. It is true that the resolution in question was not issued in accordance with Chapter Seven of the UN Charter, as in the case of other UN resolutions issued about the invasion of Kuwait and its consequences, but this does not in any way mean that it lacks the force of

law. The resolution that was issued in accordance with Chapter Six of the UN Charter becomes binding when it is implemented, as in the case of setting up a no-fly zone and the security zone in northern Iraq and the no-fly zone in the south.

In light of the above, one can see how the attempts at reconciliation with the Saddam's regime have reached a dead end because this reconciliation calls for conditions and obligations that the present regime is unable to fulfill. First, it must be established that all weapons of mass destruction in his possession have been destroyed. Second, he should prove categorically that he will not again possess any such weapons now or in the future. Third, Saddam Husayn should finally and irrevocably respect Kuwait's sovereignty and regional security and accept the demarcation of the Iraqi-Kuwaiti borders as provided in Security Council Resolution 832. Finally, Saddam should stop repressing the Iraqi people and should comply with the provisions of Resolution 688 that calls for the establishment of democracy and respecting human rights in the country.

Ultimate Battle Subject of International Conference

94LH0029A Baghdad AL-THAWRAH in Arabic 3, 4 Feb 94

[Two-part article by Jum'ah Suhayl and Ziyad Tariq: "Opening of Symposium on Truth and Deception in Arab and Foreign Writings on Ultimate Battle (Mother of Battles)]

[3 Feb p 4]

[Text] The first annual symposium by the Ultimate Battle Research Center, held under the slogan of "Truth and Deception in Arab and Foreign Writings on the Ultimate Battle," was opened yesterday.

Center Director's Address

Center Director Dr. Muhammad Muzaffar al-Adhami delivered an address in which he reviewed the importance of holding this symposium to the exchange of scientific opinions, analyses, and conclusions directly and far from the evil and tyrannical forces which have not been able, despite all the military, economic, and propaganda means they possess, to bend the Iraqi people's determination to march on the sound national and pan-Arab path.

Al-Adhami expressed the hope that the symposium will contribute, by offering the international thinking, something new to be added to what the world's authors and writers have written and published on the blockade and the deception.

He also reviewed the efforts made by the Ultimate Battle Research Center since it was founded six months ago to conduct and publish research and studies on the major historical confrontation, i.e., the Ultimate Battle.

In its first session, headed by Arab intellectual Muta' al-Safadi, the symposium discussed the issue of political domination.

Address by the First Session's Chairman

Muta' al-Safadi, chairman of the first session, delivered an address in which he emphasized that many writers and authors who have written about the Ultimate Battle have not had the opportunity to communicate with each other and that this intellectual symposium is their opportunity to meet and strengthen their research and scientific relations and ties in order to expose the true dimensions of the aggression against Iraq.

Dr. 'Awdah Butrus' Address

Dr. 'Awdah Butrus 'Awdah, the session's main speaker who is from the fraternal Jordan, stressed that the aggression against Iraq is just one part of the conspiracy. The blockade was imposed more than 40 months ago and the aggression scheme had been in place much earlier. If the Gulf crisis had not developed, they [imperialists] would have fabricated another crisis to attack the proud Iraq.

'Awdah added that the aggression targetted what no other war in history has ever targetted, noting that it started by destroying the infrastructure that had been built with the sacrifices of the great Iraqi people and their unique leadership, which had accomplished what no other world leadership had been able to accomplish.

Dr. 'Awdah wondered: Why did they disregard Security Council Resolution 660, which entrusted the Arab League with solving the Gulf crisis? Why did they reject everything urged by Iraq that had called for a peaceful settlement in accordance with the said resolution?

Concluding, 'Awdah said that Leader President Saddam Husayn is a historical necessity and that without his leadership, this steadfastness would not have existed, and "I greet this leader and symbol. I greet whoever has stood with him and I greet the great Iraqi people whose roots date back to more than 6,000 years ago."

When the floor was opened for comments and debate, the first to speak was Ahmad Qamar, who said that there is currently Arab [official] domination of the Arab liberation movements and that the current struggle is a struggle between the Arab citizen and the Arab regime.

Dr. 'Abd-al-Ilah Maqziz

Dr. 'Abd-al-Ilah Maqziz from Morocco said that the United States is not reluctant to threaten, even attack, any country that aspires to exercise independence in its territories.

Maqziz urged that the Arab liberation movement be revived and that meetings be sponsored to establish coordination between Arab political, labor, student, youth, and women's organizations so they will chart new

strategies for Arab relations and will spell out the political movements' role in charting these policies.

Dr. Maqziz also stressed that it is necessary to launch a north-south dialogue through world liberation movements.

Dr. Muhammad Mahfuz

Dr. Muhammad Mahfuz from Tunisia said that the new world order is still developing and has not been completed yet and that this order is nothing but some modifications and touches applied to the old system, which entrenched domination of the countries that triumphed in World War II, with some alterations introduced in light of the developments in the Soviet camp.

Mahfuz stressed that it is necessary to draft a new world order that is based on mutual respect and equal relations between countries and on democracy.

Dr. Sa'd Abu-Dayyah

Dr. Sa'd Abu-Dayyah, from Jordan, wondered about the Arab regional order that was strong and influential in the 1950s because of the strength of the core countries. He said that the flaw is currently in the weak influence of the core countries.

Mrs. Hayah 'Atiyah

Mrs. Hayah 'Atiyah, from Lebanon, urged that the Arab national liberation movement be revived on new bases, because the old basis has proved to be a failure.

Mrs. 'Atiyah stressed that it is essential to steer clear of emotional political rhetoric, to sponsor concerted meetings between Arab political organizations, and to devote attention to the citizen, because confronting domination begins with developing the citizen from within.

Writer Nawal 'Abbasi

Mrs. Nawal 'Abbasi, from Jordan, said that what the United States has accomplished is to impose a peaceful solution for Palestine in the wake of the aggression that tried to weaken and contain Iraq.

Address by Writer Ahmad Muhammad al-Muslih

Ahmad Muhammad al-Muslih, from Jordan, said that the current struggle is between the Arab citizen and some Arab regimes that fight this citizen under the canopy of various allegations and under the cover of pan-Arabism one time and of fundamentalist allegations another time.

Al-Muslih urged writers to pay attention to this important point, to exert efforts to deal with it in their writings, and to stress that the Ultimate Battle is an Iraqi act within a pan-Arabist framework—an act that has produced numerous positives for the Arab citizen.

Al-Muslih also urged that the pan-Arab plan be reinforced and that it be tackled with a new rhetoric. He urged that this underline the priorities in the pan-Arab struggle and point out the dangers that threaten the Arab

nation, especially those dangers that are created by some Arab regimes. Al-Muslih pointed out that the United States is a well-known enemy of the Arabs.

Comment by Dr. Ayyub 'Abd-al-'Aziz

In comment, Dr. Ayyub 'Abd-al-'Aziz said that political domination is based on economic domination and that what strengthens this political domination is the fact that Arab countries open their markets to foreign goods.

Dr. 'Abd-al-'Aziz urged that U.S. goods be boycotted and that efforts be made to break the unjust blockade imposed on Iraq and to achieve self-sufficiency with what is produced at the Arab level. He stressed that such achievements would make the United States realize the importance of unity of the Arab nation.

Dr. 'Abd-al-Razzaq al-Hashimi

Dr. 'Abd-al-Razzaq al-Hashimi, from Iraq, spoke about the roots of the U.S. domination, of the rise of this domination since disappearance of the Soviet Union, and of the emergence of the signs of a new world order which features a West-West struggle in place of the old East-West struggle. He also spoke of U.S. efforts to create a new order that features a North-South struggle.

Dr. al-Hashimi added that what goes on in the international arena is not a new world order, as Bush has depicted it to the world, but a labor that reflects how the future international conditions will be.

He noted that the United Nations has no credibility and is used against peoples' interests. He said that instead of being used for peoples' interests, UN law is being used against peoples' interests, adding that human rights have become a means to dominate peoples and strike their interests.

Dr. al-Hashimi stressed that a system that exploits man, fights peoples, and misleads the innocent is a system that has no right to speak of legitimacy and international laws.

Writer Sultan Hattab

Sultan Hattab, a Jordanian who has written the book, *Iraq, a Period on the First Line*, called for abandoning the rhetoric of emotional political propaganda and for conveying the true conditions under which the Iraqi people live as a consequence of the unjust blockade. He also called for pointing out the main motives behind the U.S. aggression against Iraq, led by the motive to dominate peoples' fates and to plunder their resources.

Hattab also called for embracing the truth with all its particulars and for familiarizing the world with the true nature of the hardship, injustice, tyranny, and death caused by this blockade, which is imposed by the United States and its allies to spread their control and domination over the region.

Professor Singh

Professor Behemen Singh greeted President Saddam Husayn and the Iraqi people who, by confronting the imperialist-Zionist domination, have become a symbol of pride for the Third World countries.

Singh noted that 800 million Indians harbor love for leader Saddam Husayn and for the Iraqi people and that they are proud of Iraq, the land of love and peace and the Third World countries' front trench in confronting the imperialist onslaught.

He added that those who claim to be defending human rights are the ones who violate human rights with their continued economic sanctions against the Iraqi people—sanctions that lead to the death of children and that deny them milk and drugs.

Singh warned that future generations will learn the truth about submission to imperialism and will not forgive the present generations if they fail to take serious steps to confront imperialism and to support Iraq's position and its resistance to aggression.

He noted that the United States, through its past and present policies and through its presence in the Gulf Emirates, seeks to control the region and all Asian countries, including India and Pakistan.

Dr. 'Abdallah

Dr. 'Abdallah, a Moroccan author who has written the book, *Papers from the Gulf War*, stressed the importance of the Iraqi experience in confronting and challenging the Arab nation's enemies.

He said that no international situation has demonstrated the ability to stand fast and confront the way Iraq has demonstrated this ability. Dr. 'Abdallah added that political domination vacillates, thus making it easy for new concepts to develop in the Western inclinations and tendencies and for controversy to develop within the West over the domination issue.

Muhammad Sharif al-Jayyusi

Muhammad Sharif al-Jayyusi, from Jordan, noted that Iraq's accomplishments have been made not just in record time but in a unique and rarely equaled manner.

Al-Jayyusi stressed that we need a new intellectual and information rhetoric that sees the picture with all its particulars and that works for whatever serves the nation.

He noted that the objective of the aggression against Iraq is to contain the Arab revival plan emerging in Iraq.

Writer 'Abd-al-Ra'uf al-'Ayyadi

Writer 'Abd-al-Ra'uf al-'Ayyadi, from Morocco, said that the imperialist United States seeks to depict itself as a system that has its principled and legal bases and that this is its attempt to entrench the so-called new world

order which has not gained legitimacy in the minds of peoples. Therefore, it is an order faced with the threat of elimination.

Al-'Ayyadi reviewed the most significant allegations promoted by some information and propaganda media and some intellectuals who revolve within the imperialist orbit. All of these parties promote the world order in the areas of human rights, civilization, tolerance of the Zionist entity, and the slogan of internationalism so as to obliterate our Arab identity.

Major Diwati

Major Diwati, a Pakistani military writer and analyst, said that President Saddam Husayn and the Iraqi people have triumphed and won the battle against the imperialist enemy, led by the United States.

He said the allegation by the United States and its allies that they won the battle is false and untrue.

Major Diwati said that the Pakistani people are proud of and harbor utter love for the valiant Iraqi people who have been able to confront barbaric domination by the United States and by its Western allies. He noted that Iraq, the land of sanctities and faith, represents now a symbol of not just Arab steadfastness but also of the steadfastness of all Third World countries.

Major Diwati asserted that the Iraqi victory was actually achieved under the leadership of President Saddam Husayn when his excellency and his brave army were able to protect the Iraqi people and their humane principles and to defend the principles of Islam and peoples' rights to independence and self-determination.

Writer Mustafa al-'Utum

Writer Mustafa al-'Utum, a Jordanian who wrote the book, *The Gulf War, Why?* pointed out that the main mission with which we must emerge is to eliminate the division that the Arab nation is experiencing and that was left behind by colonialism. A cure must be found for this division so the nation will rise and confront the major threats that seek to eliminate and obliterate it and to seize its rights.

Talal Rashid

Talal Rashid, from [Yemen's] AL-YAMAN AL-SA'ID, said that the plots that target Yemen's unity are the same plots that target the brave Iraq.

Rashid noted that numerous Arab forces, such as Saudi Arabia and Kuwait, are nurturing secession anew. This is in addition to Saudi pressures to delineate the border and to devour the Yemeni territories of Najran and 'Asir.

Sayyid Nassar

Sayyid Nassar, from Egypt, asserted that the allegations used by the United States to attack Iraq are false and that

the true motives behind the aggression were to stem Iraq's development and to end its pan-Arabist tendency, because Iraq had become the nation's center of luminescence, having managed to establish military balance in the region.

Nassar noted that the Iraqi people's struggle represents an extension of the Arab people's struggle against colonialist domination and against the division imposed by the alliance countries after World War II.

Mohamed Hafez

Mohamed Hafez Ould Mohamed Lemine, from Mauritania, stressed that the U.S. anti-Arab schemes are not new because the Arab nation represents a threat to the aggressive objectives of the United States and the colonialist countries. Iraq in particular is the main threat because of the revivalist tendencies embraced by the Iraqi leadership, most significant of which are the tendencies to embrace scientific technology, to revive the pan-Arabist fleeing, and to liberate Palestine. These are mainstays that lead to the Arab nation's revival and that, consequently, represent a major threat to the U.S. and colonialist interests.

Sharifah Bint 'Amarah

Mrs. Sharifah Bint 'Amarah, from Tunisia, asserted that the Ultimate Battle is the biggest cultural and social challenge confronted by Iraq and that this battle continues to be the greatest and most magnificent symphony for the persecuted in the world.

Bint 'Amarah appealed to all organizations, governments, and capable people in the world to advertise the inhumane hardship experienced by the Iraqi people as a result of the tyrannical blockade imposed on Iraq.

Mrs. Nasirah al-Sa'dun

The final speaker at the first session was Mrs. Nasirah al-Sa'dun, the symposium rapporteur. She reviewed the focal points with which the speakers dealt in their addresses, analyses, scientific conclusions, and their proposals on how to foil U.S. plans to dominate the area; to develop the best forms of Arab struggle; and to create serious formulas of support that contribute to breaking the blockade imposed on the Iraqi people.

The symposium was attended by Hamid Yusuf Hammadi, the minister of culture and information; Humam 'Abd-al-Khaliq, the minister of higher education and scientific research, and a number of culture, information, and research officials.

[4 Feb p 4]

[Text] The symposium on truth and deception in Arab and foreign writings about the Ultimate Battle, sponsored by the Ultimate Battle Research Center at the Ministry of Culture and Information, resumed its activities for the second day yesterday.

The session, chaired by Muhammad Tahir Mahfuz, discussed the focal point of economic domination. The main speaker was Dr. 'Abd-al-Ilah Balqaziz from Tunisia. In his study, Balqaziz said that the objectives charted by the United States for its aggression against Iraq are well-studied and well-known, and they seek to dominate and control all raw material resources. They have also targeted Iraq because it is a regional power.

Balqaziz called for further discussion of the proposals on fighting the U.S.-Western onslaught and on exploiting the contradictions within the Western camp in Europe intelligently and wisely.

He stressed that Iraq represents a central objective within the U.S. economic program because Iraq has aspired to accomplish a developmental economic program that seeks to build economic support bases under difficult conditions. He noted that the military intervention signifies nothing other than a response to the slogan of "Arab oil belongs to Arabs," which Iraq embraces. It also signifies an effort to disengage oil from Arabism to ensure the flow of oil to the United States.

Balqaziz added that the United States and its Western allies work to break up the Arab region anew on the basis of a Middle East principle; to eliminate the bond of Arabism from the region's fabric; to rearrange the region on a new basis; and to open gaps that have been blocked to date, especially with the Zionist entity.

When the floor was opened for comment and debate, the first to speak was Haroun Mohamed Said from Algeria. He stressed that the struggle that is expected to rage in the future is an economic and technological struggle. Whoever possesses wealth and strength will have to enter the struggle. Accordingly, the objectives of the aggression against Iraq were to destroy the country's infrastructure and to eliminate Iraq as an influential country in the world.

Said added that it is impossible for the United States to embody the concept of the new order unless it destroys the independent regimes that stand in its way, led by Iraq, Algeria, Libya, Sudan, and Yemen. This is why we find that all these regimes are besieged. All this is done in accordance with a precise strategy.

Said emphasized that the aggression was motivated mainly by the fact that the United States and its allies were aware of Iraq's cultural and technological revival. Thus, Iraq had to be destroyed before it could reach the safety shore, like Japan and Russia. It also had to be destroyed to force the advanced countries to stop dealing with Iraq.

Said urged that the recommendations expose the true nature of the U.S. strategic ambitions. He also urged that efforts be exerted to draft a counter-strategy to be adopted by the well-meaning people of the world.

Mr. Loc Van

Mr. Loc Van, from the Netherlands, carried a message of love and sympathy for the struggling Iraqi people and pointed out the contradiction in the interests of the decision-making powers—interests that flow to the same end.

Loc Van asserted that the imperialists seek to exploit the principle of self-determination in order to break up some independent countries. This is what the United States is trying to do against Iraq's Central Government.

Dr. Muta' al-Safadi

Dr. Muta' al-Safadi, from Lebanon, warned that political and economic domination have begun to emanate from media domination and from confiscating the citizen's vigilance and controlling this citizen in all kinds of ways.

Dr. al-Safadi added that every colonialist phase has been tied to an objective befitting the form of colonialism in that phase, and we have now reached the phase of the latest form of colonialism. This phase can be called the emerging form of colonization of the human mind.

He stressed that with the collapse of the rival polarizing power, the United States had to think of drafting a new formula and creating a new justification for economic domination. Even human rights have had to be mobilized to serve this objective of domination; to prevent any crossing of the red lines; and to continue to monopolize technology.

Dr. al-Safadi said that "Israel," Turkey, and Iran represent the firm belts that are (to take charge) of the new Middle East plan. As for Arab culture, it has been kept out of the plan.

Juan Carlos

Juan Carlos, from Spain, said, "We have to convey the truth to the outside world now." He added that the economic problems experienced by the world are tantamount to a struggle between the North and the South. Carlos expressed the hope that the world will witness a new kind of relations that are founded on justice and equality.

Husayn 'Abd-al-Qadir Ballah

Speakers included Husayn 'Abd-al-Qadir Ballah, from Sudan, who said that the motives behind the aggression against Iraq are economic colonialist motives that have been promoted in the Arab world to plant despair in the Arab citizen's soul and to force him to tie himself to colonialism.

Ballah added that colonists alleged that the lack of raw materials for industry in the Arab homeland made it unnecessary for Arabs to have industries, including a conversion industry. Meanwhile, we find that Japan has come to rival the advanced countries in various industries, even though Japan possesses no raw materials.

Ballah stressed the need to exert efforts to break the accursed blockade imposed on Iraq and to establish a common Arab market.

Malik Mahmud

Malik Mahmud said, "Our meeting here as authors, writers, and journalists is to study the war that was launched by the United States and its allies and the effects of that war on the post-war Iraq and Arab world."

Mahmud added, "This podium is very convenient and permits us to present our viewpoints to the west, especially to the U.S. people, and enables us to tell them what they have lost."

He stressed that this war was imposed for numerous reasons, some political and some economic. After the destruction and disintegration of the Soviet Union—a process that occurred gradually and led to destroying the foundations on which the world was based—the United States launched its endeavor to impose its control on the world, and it has actually begun to impose its control on countries rich with natural resources. The first step has been Iraq, and the goal is to undermine the country and to control its oil resources.

Dr. Salih Mas'ud

Dr. Salih Mas'ud, from Algeria, said that the United States began to plan for this situation before the military aggression against Iraq in order to subjugate Iraq to its will. But the opposite is what has happened. The U.S. aspirations were frustrated by Iraq's stance against the most ferocious military aggression.

Mas'ud added that the blow dealt Iraq by the United States and its lackeys and the blockade that continues to this day have not undermined the Iraqi people's defiant spirit. We have heard and seen the revival and the defiance in the restoration of what was destroyed by the aggression. The Iraqi people have accomplished this restoration in record time, even though they lack numerous raw materials as a result of the blockade. In this accomplishment, the Iraqi people rely on their intrinsic capabilities and their domestic resources.

Hyde Stevens, from Britain, said that there is similarity between the Iraqi people's issue and the issue of the Irish people who have been divided so their resources can be controlled. On the same basis, the West, led by Britain, has sought to partition the Arab homeland and to impose rulers who are tied to the West so they will ensure the continued flow of the Arab homeland's revenues to the West.

Stevens said the scenario applied in Ireland in the past is being applied to the latter in Iraq, considering that Iraq has been prohibited from exporting its oil and that there is an endeavor to divide it into three parts.

He added that the past path of hope and struggle cannot be separated from the future path of hope and struggle and that the struggle to foil the imperialist schemes must

continue. Stevens called for confronting the unjust economic blockade imposed on Iraq and for foiling its malicious objectives of starving the Iraqi people.

Dr. Hayah 'Atiyah

Dr. Hayah 'Atiyah said that when the "Gulf war" started, a French paper said, "Now, the war of secret agencies and the economic war have started."

In her address, Dr. 'Atiyah drew attention to the importance of water in the region and to the Zionist entity's endeavor to control the sources of Arab water in coordination with the West by drafting proposals and policies in this regard.

She noted that the Western media has even rejected Egypt's management of the Nile River basin states so as to deprive the nation of its capabilities in the area of water.

Dr. 'Atiyah called for laying down the foundations for a water research plan to counter the "Israeli" research plan concerning the region's water strategy.

She also urged a special type of Arab economic ideology be developed and that we proceed from this ideology to develop the Arab economy.

Mr. Orak, from Brazil, said, "We are very concerned about the imperialist domination exercised by the United States. We are also interested in putting an end to this domination, because we believe that the world lives nowadays under the dangers of this political and economic domination whose price is paid by mankind."

He added that the imperialists are responsible for the tragedies of World War I and that they were the cause for the rise of the fascism that led to the eruption of World War II. Yet, the imperialists displayed no great concern until socialism emerged and struggled to break the yoke of slavery. But despite all the socialist efforts, imperialism persisted in its efforts and plundered the natural resources of some countries, thus victimizing thousands of people and depriving numerous others of education.

Orak stressed that attention was focused on Iraq this time, especially after the Soviet Union had disappeared, and that the imperialists launched a campaign of terror against peoples, utilizing the disintegration of the socialist camp to implement their criminal scheme and to try to destroy numerous other peoples and states by sowing sedition within these peoples and states.

He noted that, with the end of the socialist camp, the United States tried to assume exclusive control of the world. The United States reflected its capabilities in an ugly manner in the war it launched against Iraq in order to exploit the oil resources.

Orak noted that no country other than Iraq could have stood fast in this armed confrontation and this war. He said that this steadfastness represented a unique model and that, at the same time, it was an indication of the

advanced position Iraq had attained in military technology, which was the best among the region's countries.

He also said that the United States persists in its moves against Third World countries and that this dictates that these countries move promptly to destroy the monopolist companies that have been used by the United States to loot and plunder their wealth. Crushing crises are experienced by many of these countries where youth suffer from unemployment and disintegration.

Concluding his address, Orak said that the Ultimate Battle has made clear the peoples' rejection of Bush's policy and that they have resisted this policy, as they resisted the World War II policy. The age when weapons were the only language has gone, and the age of the economic weapon has arrived, and the United States has begun to use this weapon to stifle peoples.

In a comment he made at the end of the session, Dr. 'Abd-al-Ilah Balqaziz called for exerting greater and more profound efforts to draft a new strategy.

He said that we need a long-term policy to confront the consequences and results of this domination of our resources and of our pan-Arab future. He added that this policy should be a phased three-part policy, with each part devoted exclusively to a policy befitting the nature of the tasks dictated by this phase of history, namely the tasks of positive adaptation, mutual reliance, and self-reliance.

Balqaziz also urged that we read the international developments bulletin and that we take the position we need to take, i.e., open up to the world powers and exploit the contradictions existing among them. He especially urged that we open up to Japan and Germany, because they are the two strong candidates that are likely to play an important role in coming years, particularly since there are no bloody precedents in the relations the two sides.

He added that an economic relationship between the Arab homeland on the one hand and Japan and Germany and the other is likely to weaken the United States and its octopus-like grip on the Arab economy.

Balqaziz stressed that this strategy should not stop us from proposing a new and alternate strategy that makes us turn our eyes southward and maintain our ability to survive through new regional cooperation—a strategy that enables us to restore relations with the neighboring Islamic countries and with major economic forces, such as China and India and their major economic capabilities, so we can achieve minimal self-sufficiency.

Dr. 'Isam Rashid Huwaysh

Dr. 'Isam Rashid Huwaysh, from Iraq, then talked about the forms of economic domination imposed by the United States through UN resolutions, which are used as an instrument to attain this domination and to then extend it over the southern countries and the developing countries.

Salah al-Mukhtar, from Iraq, stressed in his address that the Ultimate Battle succeeded in excluding Iraq's oil resources from U.S. control and, consequently, in preserving Iraq's oil independence and preventing Europe and Japan's economies from being subjected to U.S. pressures.

He noted that since the Ultimate Battle, the Iraqi model of restoring what was destroyed by the aggressors is different from the world's models after World War II, because the Iraqi model has not relied on any other experience. Unlike the ban imposed on Germany and Japan after World War II, which was a technological ban only, the ban imposed on Iraq covers all areas.

At the conclusion of the session, Mrs. Nasirah al-Sa'dun reviewed briefly all the points raised by the speakers about the focal issue of economic domination. Among other things, the speakers stressed the need to develop a strategy to counter the U.S. strategy and to achieve independent development which brings about self-sufficiency. They also discussed the link between economic domination and media domination—a link whose presence one concluded from the Ultimate battle—and about the effects of the war on Iraq and the world. The speakers also stressed that Iraq represents a model of the new defiance. They called, moreover, for conducting a study on water in the Arab homeland.

The session was attended by Culture and Information Minister Hamid Yusuf Hammadi. [Box p 4]

Yesterday, the delegations participating in the activities of the symposium on truth and deception in the Ultimate Battle visited the Steadfastness and Defiance Museum in al-Qishlah, Baghdad.

The delegations saw photographs of the comprehensive devastation caused by the tyrannical 30-country aggression—an aggression which touched the infrastructure and all economic facilities, places of worship, and residential buildings.

The delegations also saw photographs and miniatures of the various phases of rebuilding that was destroyed by the evil aggressors and of the efforts made by the reconstruction strugglers in Iraq's counter-attack and great response to the aggression.

ISRAEL

Mosque Sermons, Cassettes on 'Jewish Character'
94AA0054D Tel Aviv HA'ARETZ in Hebrew 15 Mar 94 p B1

[Article by 'Imanu'el Sivan: "The Myth of the 'Children of Israel'"]

[Text] One Friday about two years ago, Shaykh Bassam Jarar, a popular preacher and a leader of Hamas [Islamic Resistance Movement] on the West Bank, stood up and gave a sermon in the mosque in al-Birah. As is the custom, he chose a passage from the Koran, this time the first passage of Chapter (Sura) 2.

In this chapter, the prophet Muhammad blasts the "Children of Israel" for being a stiffnecked people with uncircumcised hearts, as Moses already told them in his time, a people that breaks covenants, a faithless and treacherous child. These things are proven, the Koran says, by the events of the golden calf and the rebellion of Korah, and later by the persecution of many of the prophets. These characteristics are deeply engraved in the Jewish character.

Muhammad goes on to say that he learned this to his detriment when the pact between the Jewish tribes and the Muslim community in the city of Medina in the Arabian peninsula collapsed, when those tribes did not live up to their commitments.

Thus far, the sacred text. And Bassam Jarar adds: "and is this not just the way we know them in Palestine: a harsh and devious people, with hearts of stone, cunning and cruel—and when it comes down to it, there is no difference between an Oriental Jew or an Ashkenazi."

These words are on an audiocassette circulating widely in the territories, and cassettes by other preachers from the Arab countries, some sold even in Israel, say very similar things. They pass on, in fluent language and to a large audience, the array of images (myths) that Islam has built up about the Jews since its dawn.

Two acquaintances of mine, both moderate men, one from east Jerusalem and the other from Gaza, told me that they sat with a group last week and listened to Egyptian tapes of commentary on Chapter 2 of the Koran, and found it "amazingly relevant, really speaking to our day." And indeed, about the cruelty of that thick-bearded man wearing the yarmelke and carrying the gun—the stereotypical character from the Arab cartoons of Jews in general and settlers in particular—there is no argument; and slyness, he demonstrated in the way he slipped into "Isaac Hall."

But is it really just him? When they preach about the details of the incident from the viewpoint of that second chapter, it becomes clear to the Muslim believer that slyness and treachery are something all Israelis have in common. As though by chance, say Palestinians in a style reminiscent of "Hagashash Hahiver"; as though by chance, half the guards were missing that morning; as though by chance, the metal detectors were not working precisely then; as though by chance, the closed circuit TV was not covering all the halls of the cave that morning; as though by chance, the guards who were there did not notice the murderer slipping into the Muslim prayer area; as though by chance, the General Security Service [GSS] did not warn of a possible attack by Kach extremists, and did not sound the alarm that the Cave of Makhpela was a potential target of attacks by Jewish opponents of the Rabin-'Arafat agreement.

The Palestinians are all the more suspicious because two groups are involved here: the border police and the GSS, both part of the unholy trinity, as Hamas calls it, which keeps the residents of the territories in a state of fear (the

third group is undercover agents disguised as Arabs). "This typical Jewish way of breaking their word" was what led to the horrible event that has already taken its place in the Palestinian and Muslim pantheon of horrors next to Dayr Yasin, Kfar Qasim, Sabra, and Shatila. In those cases, too, a Muslim will claim, the two-faced Jews had no shortage of excuses: in Dayr Yasin, it was the work of the rejectionist groups; in Kfar Qasim, the muttered words "Allah Yirhamu" were taken as a clear command to kill peaceful citizens; in Sabra and Shatila, the Christian phalangists were the ones who committed the massacre.

All this comes to teach us the seriousness of the incident, and the broader context of which it is part. But as philosopher Karl Popper said, human reality is surrounded by plastic hoops; it is limited, but yet still has a measure of flexibility. That is, basic data (economic, demographic, technological, and even mental, such as the Muslim myths about the Jews) determine the framework that binds and distinctly limits the range of possibilities open to human societies. But man is a creature of reason and understanding and has certain degrees of freedom and flexibility. He can maneuver the range of possibilities he is given, and more than just once even break past it and turn it on its head.

Clearly, to really use this potential to the fullest, the opportunities must be there, but also, and especially, there must be leaders who will guide society so that it can make the most of the opportunities and get beyond the "plastic hoops." The unforgettable example of this was the Sadat initiative. Sadat took advantage of the "window of opportunity" that had been created by the stalemate in the 1973 war, and by American patronage in the detente era, that led to peace with that very same Jewish people whose stubbornness and treachery he and his predecessor 'Abd-al-Nasir had said so much about.

Menahem Begin, who proved a fitting partner for the Egyptian president, caught the ball in the air, returned the gesture quickly and easily, and at the end of a process filled with pitfalls, proved that Israel was capable of keeping its signed commitments and withdrawing from Sinai and its settlements by the appointed time. The historically negative image of "the Children of Israel" was dealt a heavy blow, at least in the eyes of the Egyptian leader and most of his people. And though sinkholes still exist, the Muslim opposition in Egypt is no longer as capable as it once of profiting politically from this image.

More and more contact with reality seems to be able to change group perceptions; and it is all the more likely, when there is a strong motivation to let this happen. Such a motivation does exist among the Palestinian public, as Hamas itself admits: tired from years of intifadah that caused loss of life for some, and bodily harm and loss of freedom for others, continuous interruption of the processes of normal life, damage to the standard of living (because of commercial strikes, the closure, lack of investment). And beside these motives,

there is also this positive side—that modest hope that burst into sight in the Palestinians' spontaneous demonstrations in the streets in the middle of September.

Though our legal advisers say that: "90 percent of the work of formulating the agreements is still before us," it is imperative to finalize immediately the details of putting the Rabin-'Arafat agreement into effect without quibbling over petty details (like symbols of sovereignty). And on the only subject still on the agenda, i.e., "tariff envelope," is it not possible, with no other choices, to agree to start with a complete separation of the two economies, and afterwards negotiate a gradual and mutual opening up, until the point is reached where both sides are comfortable?

This is, as the "nationalist" commentators say, the only Jewish and only moral response to the Hebron massacre—swift signing of the application agreement, and withdrawal of forces within weeks once it is signed. A step like this would offset the influence of the bloodbath a little, even though the scars will not heal soon.

Gestures like freeing more prisoners or opening PLO offices will do no more than dull the pain. Only carrying out the Oslo agreement in the field will renew faith in the political process, will not in any way crush the stereotype of the treacherous Jew, but it will take out a bite out of it in a practical way.

The "plastic hoops" of the world of myth were tightened around us by the murderer from Qiryat Arba', but it is still possible to heal them and regain our freedom of action. In spite of everything, the historic conjuncture is still shining its light on the peace process.

Call To Evacuate Settlements, End Occupation

94AA0055A Tel Aviv DAVAR in Hebrew 18 Mar 94 p 23

[Article by Gid'on Spiro: "The Acquiescence in the Evil"]

[Text] The testimony that has so far been heard by the Shemgar Committee has proved again that there are no miracles among the Jews. What obtains all over the world is true here as well: there is no wise conquering army. And an army that is not intelligent seizes upon the unfortunate guard at the gate as upon a life preserver. There is no alternative, it is necessary to return to the basic truth, that so many in Israeli society have been trying for years to repress: the seeds of the violence were sown on the seventh day of the Six-Day War. That was the beginning of the dunghill of the conquest. The caravan of the conquest galloped forwards, with arrogance and hutzpa, first under the leadership of the Labor Movement, and afterwards by the crushing steamroller of the Likud. One of the rotten fruits of the conquest is the settlements. They were and remain the watershed that separates the solution of the conflict and its perpetuation.

That which occurred in the State of Israel during 27 years of conquest is a known process, which was diagnosed among the German people in the transition period from the democratic Weimar Republic to the tyranny of the Third Reich. Professor 'Amos Funkstein, who holds the chair for the History and Philosophy of the Sciences and Ideas at Tel Aviv University, said in a newspaper interview: "Between 1933 and 1937, up to Kristallnacht, the situation of the German Jews was better, from several aspects, than that of the Arabs of the territories...legal approaches were more open to the German Jews than to the residents of the territories" (HA'ARETZ, 9 December 1988). The reference, of course, is to the first stages of the Third Reich, in the 1930's, long before the outbreak of the war and the establishing of the extermination camps. That was the stage in which good persons, who were not Nazis, acquiesced in a reality of racism and violation of human rights, became accustomed to it, and found themselves serving it, some out of loyalty "to the people and to the state," some out of conformism, some out of fear and calculation. From here, it was a short road to animalization and insensibility of writers, musicians, academics, judges, attorneys, actors, and others. The poison was absorbed in all systems of the society.

That is what happened in Israel, as well, "the only democracy in the Middle East." But in Israel, in contrast to the first stages of Germany in the 1930's, the blade of massive and arbitrary arrests was not placed on the neck of the citizens and there was no fear of a secret police that was liable to burst into homes at midnight. The collaboration with the conquest was generally done voluntarily in Israel. The willingness of most of the Israeli elite to cooperate with the conquest over time created a conceptual confusion, the apartheid reality, the acquiescence in the evil.

It is expressed in the professors at the Hebrew University continuing with their researches and their academic lives as usual, at the same time that at a distance of five minutes from them they closed universities, sent professors and students to administrative detention and shot at them with live ammunition. It happened to attorneys who agreed to serve as judges in military courts and in that way turned overnight from defenders of the rights of the accused into abusers of human rights and servants of an oppressive system. It happened to physicians who forgot their oaths and gave daily approvals, either by closing their eyes or by direct support, to a terrible system of tortures. Many harsh testimonies about cooperation with the conquest authorities by Israeli physicians, who served in the conquered territories on reserve and regular duty, were uncovered at an international convention that was held in ZOA House in Tel Aviv

under the auspices of the association of Israeli-Palestinians Physicians for Human Rights (It seems to me that DAVAR was the newspaper that first revealed the existence of that IDF [Israel Defense Forces] form in which a doctor confirms the ability of an interrogatee to undergo torture). It is self-evident that this happened to reserve soldiers, who in crossing the Green Line became conquerors harassing a civilian population, sometimes maliciously and with astonishing cruelty. Given all this, there is no reason to be amazed at orders on opening fire that discriminate between rulers and ruled.

Barukh Goldstein is not a sole lunatic, and it is impossible to define him as a wild outgrowth of a Jewish Hamas. Barukh Goldstein lived in Qiryat Arba, with the support of the secular State of Israel. All the military might of the Israeli conquest power was spread over him. He was part of the conquest army, received uniforms and weapons from the secular military establishment, was not denounced and was not expelled from the system when he refused, during the Lebanon War, to treat a wounded Arab. He enjoyed full backing from the governments of Israel over the years.

If we adopt the principles of the Cohen Committee about indirect responsibility, then many of the "leaders" in Israeli society—in politics, in academe, in arts, in all of the intellectual frameworks—bear indirect responsibility for the atrocities of the conquest. The decision of the Israeli government to forbid the political activities of the Kahanist movements, and the administrative detention of several of the activists, not only are inconsistent with proper administration of a democratic state, but it is also doubtful whether they are especially effective. As long as they are surrounded by a sympathetic political environment in the form of the settlements, Gush Emunim, parties such as "Tsomet", "Moledet", and the militant parts of the Likud, the Kahanist cancer will continue to send out its satellites to additional parts of the body. It must be admitted that there is no essential difference between a "legitimate" racist such as MK [member of Knesset] Yehosu'a Matz'a, for example, or the former MK Ge'ula Cohen, and the "new" terrorists Tiran Polak or No'am Federman. As it is no coincidence that the administrative detainee for several days, the president of the State of Judaea, Ben Horin, was previously an active member of "Kach" and today he is a member of "Tsomet". It is a natural transition within the family.

These words have very practical implications. Whoever supported at one level or another the conquest and the settlements may say today: I thought that conqueror and conquered can live in harmony. I found that this is not feasible. Therefore, in order to break the bloody circle, I (please enter the appropriate name) support the removal of the settlements. It is not yet late.

'Schutzjuden' Status for Israelis Anticipated

94AA0055B Tel Aviv HAYARDEN in Hebrew 28 Feb 94 p 4

[Article by Shmuel Katz: "The Israeli as /Schutzjuden/—Willingly"; passages within slantlines published in Latin]

[Text] One of the shocking phenomena in the history of the people of Israel in the exile was the /Schutzjuden/: the protected Jews.

The local leader, or the elector in the Germany of the Holy Roman Empire, took under his protection the Jewish community that was subject to him, or the Jews who sought to come to the area under his rule. They were completely undefended. In exchange for payment (in the form of taxes or other means) he would "ensure" their safety from anti-Semitic attacks. The result of existence at the bottom of the ladder, this dependence was one of the elements, at the same time both spiritual and physical, that the Zionists sought to uproot.

The shame of the /Schutzjuden/—whatever its form—was liquidated by a new generation of Jewish defense, which was founded at the beginning of the century in pogrom-stricken Czarist Russia. At that time, the Zionist pioneers in Eretz-Yisra'el established their "Hashomer." Thus arose the Jewish Brigades, which participated in the liberation of Eretz-Yisra'el from the Turks during World War I, a complete military tradition, that had slumbered for 1,800 years. Afterwards, it developed into armed resistance to the repressive rule of the British in Palestine; and it even flourished in the framework of the Israel Defence Forces—which is considered to be one of the best armies, if not the best army in the world.

Today, in 1993 [as in source], suddenly (as the agreement between Prime Minister Rabin and President Bush in exchange for the American guarantees was cooked up only last year) the independent Government of Israel has included in its plans the revival of the situation of the /Schutzjuden/. According to this plan, foreign soldiers will "protect" Jews in Israel. The logic is absurd. Its implication: /Schutzjuden/ not out of the necessity of tragic historical circumstances, but /Schutzjuden/ out of choice. A naturally proud and independent Jewish community is forced by its government into a situation of dependence.

No less shocking than the humiliation of morale and spirit inherent in the "peace with Syria" plan of the Rabin-Peres government is the lack of willpower and a line of thinking, which cannot withstand the critique of logic. The idea is that the Syrians will honor a peace treaty with Israel, if Israel relinquishes the Golan Heights. "Otherwise," so it is hinted, Syria will initiate a war.

As a purely military issue, these things are not logical. Syria's strategic position, opposite the Golan, is inferior relative to that of Israel. And, indeed, the Golan is the strongest natural factor of deterrence that the State of

Israel has. For that reason, Syria has been careful to observe the territorial conditions of the supposed "separation of forces" agreement, which was reached after the Yom Kippur War in 1973, and which left Israel within sight of Damascus itself.

But the Israeli Government clarifies, before the entire world, that it is so frightened by the threats of war that it is willing to sacrifice its security in the north, and to hand over to Syria—and especially to the hands of the bloodthirsty tyrant and the hands of whoever will be his successors—the very key to that security.

And, indeed, we will be subject to the mercies of the Syrians, for when the security pearl of the Golan is in their hands—as they have declared—they will be able to decide that the time has come "for the final assault" on Israel, and then they will not hesitate to order the "promised" American forces to evacuate the area within 24 hours. Alternatively, if the American forces will resist, then the Syrians will attack them to an extent that will arouse the American public against the presence of their forces in the contested area, or Israel will be required to make additional concessions in order to prevent casualties among the Americans.

There will be a great justification for the American call for a withdrawal of forces, and it will be heard from all quarters, both from friends of Israel and from hostile parties.

From all quarters, with the same clarity as night follows day, it will be said: "If those Israelis, who could definitely have defended themselves, were so stupid as to relinquish territory to the Arabs who for two generations have been threatening and have twice tried to destroy them, why should the American youths risk their lives in order to defend them?"

More knowledgeable Americans will add that the Israeli Government agreed to relinquish the Golan Heights in exchange for the Americans' promise of guarantees—and that they could have taken care of it themselves for five years from Israeli resources—even if at higher interest cost, but without political obligations. Must American youths endanger their lives in order to defend Israelis from the consequences of their government's stupidity?

Moreover, Americans with a good memory will remember that the Israelis were always proud, and even insisted, that they did not want foreign soldiers to fight for them.

No, "the guarantees," if they are ever given, will evaporate (as happened in Sinai in 1967).

The feeling that the Americans will defend Jews has a special significance in light of the special affection that the American administration feels towards Syria. It is difficult to find a pragmatic reason for the treatment that the Syrian dictator receives.

In the political sphere, Syria has nothing special to offer: it is a poor country and lacks oil reserves. It has no ideological charm and it continues to decorate the list of countries that encourage terrorism.

But for years, especially since the days of President Carter, Syria has been spoiled and cultivated. Its interests were protected, even though they were illegitimate, and its crimes were swept under the carpet. Asad was the first foreign statesman that President Carter chose to meet in 1977. At that meeting, he said to Carter that Israel "must withdraw from all of the territories," etc., and added that Israel must allow the return of the refugees to Yaffo, Gaza, and Lod. Upon his return to the United States, Carter declared that Asad was "moderate."

This love affair continued during the Gulf war, during which Syria joined officially the coalition against Iraq but did not lift a finger in combat, it won a grant of \$2 billion (which were allocated immediately to arms purchases). And when Syria purchased Scud missiles from North Korea, Washington warned Israel—the intended target of the missiles—not to stop the ship that was bringing them to their Syrian destination.

[Editorial note] Shmu'el Katz was the first commander of the IZL [National Military Organization—pre-1948 underground resistance organization. A former MK [member of Knesset], he has published a number of books on Zionist and Jewish history. He published recently a two-volume biography of Ze'ev Jabotinsky.

Israeli Arabs Said 'To Urinate' on 1947 Borders

94AA0055C Tel Aviv HAYARDEN in Hebrew 28 Feb 94 p 2

[Article by Anon: "Israeli Arabs Urinate on the 1947 Borders"]

[Text] It is as if a hidden hand drew this time the lines of the disturbances by the Arab citizens of Israel. As if someone gave the order to display violent rage on the line of the western Galilee, Nazareth, Wadi 'Ara, Tayybe, Yaffo (!), Ramle (a failed attempt), and, of course: the region of Be'er-Sheva. The known and recognized map of November 1947, and, to tell the absolute truth: it is also derived with not inconsiderable logic from the slogan "two states for two peoples in western Eretz-Yisra'el—if the reference is to complete equality after the completion of Stage 1, within the 1949 borders.

"We are an inseparable part of the Muslim people and of the Palestinian people," said the mayor of Umal-Faham, Ri'ad Salah, in eulogizing the "holy martyr" Abu-Gum'ah, who was killed in the rioting near Be'er-Sheva, and his bed was decorated with a Palestinian flag and the participants in the funeral (like all of the demonstrators in the disturbances throughout Israel) shouted: "With blood and fire we will liberate Palestine, with spirit and blood we will redeem the holy martyr."

There is no doubt that the rage and the pain of the Arabs of Israel over the slaughter of the members of their

religion and their people in Hebron are authentic and independent of rebellious political motives, but the nature of "the popular uprising," which features demonstrations like this more and more (like several of those that preceded them), indicates in this manner that the event of Hebron was not the reason but the pretext, and that there is a guiding hand and that there are organized cells in the field, that are activating the masses. This is not yet an intifadah in the full sense of the word, only early rehearsals for what those who are staging it know to be careful not to do prematurely—but the time will yet come.

The spearhead of the liberation of Palestine is now located, from the political viewpoint and in accordance with reality, in "the West Bank." There is an early and a late stage in "process." But the seed of the Palestinian intifadah in Israel has already sprouted and is poking up from the ground, and who knows how many and which Israelis will yet participate in it, for 'Aziz and Haziz from "My Michael" of 'Amos 'Oz and "The Guardian of the Forests" of A.B. Yehoshu'a were created before the Six-Day War (and Hirbet Hiz'ah of S. Yizhar was born with the War of Independence). And the "new historians" are only recently publishing their researches and Mittelpunkt has only reached Gorodish, and "Second View" of the television has not yet finished with Jerusalem, and the demographers have not even begun yet to warn about the demographic weight that awaits the people of Israel, and "Peace Now" is only beginning to demonstrate for the evacuation now of the settlements.

So why should we complain about the organizers of the disturbances in Israel who satisfy themselves with urinating on the 1947 borders and go back to their lairs?

SAUDI ARABIA

Opportunities for Industrial Investments Detailed

94AE0089B London AL-HAYAH in Arabic 18 Feb 94 p 2

[Article by Muhammad Jamal 'Itabi from Jeddah: "17 Industrial Investment Opportunities Worth \$490 Million in Saudi Arabia"]

[Text] The gross investment that is needed for 17 new opportunities for industrial production that are being offered in Saudi Arabia is nearly \$490 million. The Gulf Organization for Industrial Investments has offered these 17 opportunities in cooperation with the Saudi Ministry of Industry and Electricity and the Jeddah Chamber of Commerce and Industry.

The list of proposed projects includes a project for the production of heat-formed steel blocks, with a gross investment (not counting land) of 888.9 million Saudi riyals [R] (\$236.3 million), with R822.4 million (\$219.6 million) needed for machinery and assembly, R37.4

million (\$10 million) in pre-production costs, and working capital amounting to R25.1 million (\$6.7 million), with a construction period of 30 months.

The project's profitability is estimated at a 22-percent average private return, 34-percent average private return on invested capital (for easy loans) and net present value (at an average 10-percent discount) of R861 million, or \$230 million; an annual return on investment of 30 percent, an operating margin of 45 percent, annual operating profit of R219 million (\$58.5 million), and annual cash flow of R267.4 million (\$71.4 million). One million tons of steel blocks would be produced per year, on three daily shifts, over 330 days, which is the number of days of annual operation. Products would be sold in international markets, especially the Far East, Europe, America, and Canada, noting that the size of the local market is expected to reach 3 million tons by the year 2000, with export market volume to reach 100 million tons by the same year.

Another project will produce 200,000 tons of iron rolls. These would include finished elongated rolls, reinforced beams, and light sections, with gross investment (not counting land) of R353.2 million (\$94.3 million), of which R265.7 million (\$71 million) is for machinery and assembly, R51.1 million (\$4 million) for buildings and civil installations, and R45.9 million (\$12.2 million) for pre-production costs.

Working capital is R26.5 million (\$7.1 million), with construction time of 20 months, with project profitability of 22-percent average private return, 26-percent average private return on invested capital (in case of loan), and net present value (at an average 10-percent discount) of R285 million (\$76.1 million), 25- to 29-percent annual return on investment, 29-percent operating margin, R74.9 million (\$20 million) annual operating profits, and R102.8 million (\$27.5 million) in cash flow.

The project study defined the geographic marketing area as the Western Province of Saudi Arabia, which represents 95 percent of sales, with 5 percent of sales for export markets on the basis of an estimate of the Western Province's market volume of more than 1 million tons per year. The proposed opportunities also include a project to produce acrylonitrile-butadiene-styrene or ABS products, for the manufacture of high-quality and specialized products. Production would be about 30,000 tons per year: 10,000 tons of commercial products per year and 20,000 tons per year of specialized commercial products. Gross investments (not counting land) would be almost R261 million (\$69.7 million), of which R222.5 million (\$59.4 million) would be for machinery and assembly, with a working capital of nearly R16.8 million (\$4.5 million). Pre-production costs are R21.7 million (\$5.8 million), with a construction period of 24 months.

The sale price per ton would be R5,868 (\$1,567) per factory-delivered ton. Marketing operations would include the GCC states, which represent 63 percent of

sales, with 37 percent going to international markets. The volume of the Gulf markets in this area was an annual 24,000 tons in 1991.

The other 14 projects include a project to produce high-efficiency dehumidifier units, with a gross investment (excluding land) of nearly R9.98 million (\$2.67 million); a project for electric engine insulators, with a gross investment of nearly R1.02 million (\$275,000); a project for polystyrene sheets for packaging and wrapping "tabak" [tobacco; as transliterated] at a cost of almost R2.03 million (\$540,000); a project for the press-method manufacture of stainless steel products, costing \$16.4 million; a project for the manufacture of steel castings products, with a gross investment cost (excluding land) of almost R74.1 million (\$12.5 million). The list also includes a project producing plastic pellets for health use with a gross investment of nearly R28.5 million (\$7.6 million); a project to produce a rubber compound for covering the floors of flatbed trucks, with a gross investment of R21.7 million (\$5.8 million); a project producing paper pulp and paper from palm trees at a total cost of nearly R67.4 million (\$18 million); a project to produce synthetic diamonds for industrial uses, with an investment of R35.23 million (\$9.41 million); a project for reinforced concrete bricks with a gross investment (excluding land) of 15.3 million (\$4.1 million); a project to conform light aluminum products, with a gross investment of R11.32 million (\$3.02 million); a project to produce flexible enamel-coated copper wire with a gross investment of nearly R4 million (\$1.1 million); and a project to produce products extracted from used motor oils with a gross investment (excluding land) of R28.7 million (\$7.7 million). The final project produces complete sets for computer cleaning, with a gross investment (excluding land) of R2.14 million (\$570,000).

Projected Water Demand for Arabian Peninsula

94AE00089C London AL-HAYAH in Arabic 18 Feb 94 p 13

[Article by 'Umar Idris in Jeddah: "Demand for Water in the Arabian Peninsula To Be 35 Billion Cubic Meters in the Year 2010, 85% of That for Agriculture Sector"]

[Text] Dr. Muhammad Jalil 'Abd-al-Razzaq, head of the Science Department and Water Resources Administration in the College of Observation, Environmental Protection, and Dry Region Agriculture in King 'Abd-al-Aziz University, has said that the agricultural sector in the Arabian peninsula is the largest consumer of water, with agriculture consuming 85 percent of the water. If people are educated and save water at a rate between 10 and 20 percent, this would provide a large quantity of water to fill current and future water needs. He explained, in his lecture entitled "Water in the Arabian Peninsula: Opportunities and Challenges," which he delivered this month at the College of Engineering at King 'Abd-al-Aziz University in Jeddah, that rising consumption in the period 1980-1990 led to the depletion of groundwater in the shallow and deep strata.

It caused a constant decline of the water level in valley sediments in most provinces of Saudi Arabia, the United Arab Emirates [UAE], Oman, and Yemen. The agricultural renaissance, especially in Saudi Arabia, the UAE, and Oman also led to the use of large quantities of groundwater, mostly from the deep strata. It is noteworthy that the quantities extracted from the deep strata, layered one over the other, and which cover vast areas of the Arabian peninsula, exceed many-times-over the quantities of (potable) water substituted for it. The extracted water was more than 10 times the amount of drinking water, which will lead to the large-scale depletion of water, if the small available quantity of surface water, ground water, desalinated water, and treated water is compared to the demand for water for various uses in all the countries of the Arabian peninsula. [sentence as published] This demand has increased from 6 billion cubic meters in 1980 to 22.5 billion cubic meters in 1990. It appears that the shortfall between available water and the demand for water was met with groundwater, especially from the deep strata. Additionally, in the same way, with the growth of agricultural activity in the countries of the Arabian peninsula, the improved standard of living and the increased population will lead to an increased demand for water, expected to reach 31.5 billion cubic meters in the year 2000, and 35.5 billion cubic meters by 2010, compared with the amount estimated for 1980, about 6 billion cubic meters. The agricultural sector's share of this water will be 26.5 billion cubic meters by the year 2000 and 29 billion cubic meters by 2010. In order to satisfy future water demand, additional desalination plants will have to be built and, to a large extent, groundwater will have to be depleted in all these countries, especially in the deep strata. Groundwater will reach 25 billion cubic meters in the year 2000 and 28 billion cubic meters by the year 2010.

'Abd-al-Razzaq explained that there is a need to study alternative options for water sources in the Arabian peninsula, while taking social and economic factors into consideration. These alternatives may include a large degree of reliance on increasing use of high-quality groundwater for drinking, even if this water is located far from large population centers, instead of its present use for agricultural purposes. There should be work on increasing substitute (potable) quantities from the flow of floodwater and rain to the water-bearing strata close to the surface by using various substitute means and increasing use of treated water (healthy runoff) in agriculture, tree planting, and industry, as well as work on increasing quantities of surface water by "emulsifying" and "seeding" the clouds. This can be done in the southwest provinces of Saudi Arabia, and most parts of Yemen and southeastern Oman, while enacting awareness and educational programs for agricultural, household, and industrial consumption. These programs would be one of the permanent and ongoing programs for affected institutions in the water sector.

He pointed out that demand for desalinated water has grown by large degrees in the last 10 years, due to

population growth, especially in the cities, and the improved standard of living for individuals. Production of desalinated water in 1990 was nearly 1.6 billion cubic meters from the stations located on the Red Sea and Arabian Gulf coasts, and is expected to reach 2.9 billion cubic meters by the year 2000. This expensive water, without awareness, will serve to meet the water needs of the coastal cities, especially those on the Arabian Gulf coast, as the groundwater in this area is highly saline.

The lecturer shed light on the role of dams in developing water resources, indicating that 227 dams exist, most of them small, in the Arabian peninsula, of which 190 are in Saudi Arabia. He said that a large number of these dams are in western and southwestern Saudi Arabia, and that there are future plans to construct 77 dams in various parts of the Arabian peninsula in the near future. He said that the implementation of a program of integrated maintenance includes the elimination of alluvial sediment behind dams, or getting rid of it with appropriate engineering designs. It is also necessary to have advanced operating plans on sound scientific bases for the stock of surface water in the valleys' sedimentary strata, for use as needed. This would be an alternative to storing it behind the dams for long periods and losing it to evaporation. He added that the development of dams must be emphasized, and, in particular, study of the use of expandable dams to solve sedimentary problems by detouring runoff to agricultural lands located near valley streams. 'Abd-al-Razzaq mentioned that the deep strata that extend below a large part of the Arabian peninsula contain large amounts of water, but not to the degree that some think, that it cannot be depleted. The water collected in these strata over long periods of time, between 20-40,000 years. He said that there was a big difference in the concept of water stock between these figures, which appeared in a study from the King Fahd University of Petroleum and Minerals, and statistics from the previous five year plan, which illustrated studies carried out by the Ministry of Agriculture and Water. The figures of the University of Petroleum and Minerals relies on an estimate of stored quantities in a total volume of strata at about 32 trillion cubic meters used a major factor in storage, which is open to doubt. This is apart from the variety of the water, while the quantities of stored water referred to in the previous plan were estimated at about 1.5 trillion cubic meters. This quantity can be pumped from these strata using available pumping technology. It would reduce the water level or water pressure to 300 meters below ground surface. It is difficult to pump water from great depths, given that some of the deep strata are located at depths of more than 1,500 meters below the ground surface; this water generally needs to be chilled and its quality improved.

He said that he estimates the stock of technically recoverable deep-strata groundwater at about 2.5 billion cubic meters, and that this stock should be conserved for future generations, for the use of groundwater in agricultural activity for food self-sufficiency, and especially the production of wheat for all the countries of the region,

which encouraged agricultural development. Dr. 'Abd-al-Razzaq added that there are scientific and technical factors playing a significant role in the pumping of groundwater from the bowels of the earth, especially from the deep strata layered one over the other in the eastern Arabian peninsula. Constant, ongoing pumping leads to disturbances in the balance of water pressure in the confined strata, and the water leaks from stratum to stratum through cracks in them. Good-quality water mixes with non-potable water. The pumping process is extremely sensitive in areas located near the sea, as ongoing pumping may lead to the mingling of saline seawater with sweet groundwater, especially in the eastern Arabian peninsula. He said that it is important to create a program to educate and make people aware of water consumption in order to deal with the primary bases of building foundations, to monitor the assembly of equipment systems that provide large quantities of water, and the system of irrigation.

Specialized agencies dealing with standards and specifications have an important role to play, with standards for imported goods focused solely on water-supply appliances, and clarifying quantities supplied through these appliances and equipment. There was also the question of energy used to heat water. This was at a time when real estate loan funds, plentiful in most of the GCC states, could play an important role in this field. They could do this by giving financial incentives to borrowers who use water supply appliances in their homes.

Dr. Muhammad Jamil 'Abd-al-Razzaq said that all the countries of the region should prepare and update their short- and long-term water plans. There is a need for water legislation for various uses, to delimit demand for water and available sources until the year 2030; and there was a need for ongoing training at all levels, from the laborer to the director-general.

He spoke of the doubts that still exist about treated water and the possible presence of viruses. He said the possibility of using this water in agriculture and industry requires specific laws regarding the chemical and biological varieties of the water, in addition to specific laws for use, and ongoing monitoring to put an end to pollution of groundwater. He said that future water studies will require parallel studies on environmental impact and economic cost, as the wisest use of water in the future will require further detailed studies of groundwater, especially in the deep strata, to discover their hydraulic properties and the water type. Increased knowledge could aid in the development of an appropriate and comprehensive plan for the best use of water, especially in light of future growth.

For his part, Mr. Mustafa Nuri 'Uthman, Director of the Western Province Branch of the Ministry of Agriculture

and Water, said, commenting on Dr. 'Abd-al-Razzaq's lecture, "There is natural water leakage between strata, and leakage that is the result of poor drilling. I would like to question the researcher about the figures he mentioned in his lecture. Are they estimates? On another front, we must choose between water security and food security. We want to drink, and we want to eat. Why are we thinking of the geologic aspects only, and ignoring society, which needs food, and the factories that require operation? Why doesn't he make a connection between soil and water and agriculture? As far as making people aware of consumption, why are we speaking of theoretical solutions? I am a practical man, and I want to listen to practical solutions that enable a man in his home or on his farm to use an awareness program spontaneously and quickly. The concept of awareness should be part of the school curriculum. We have a desert climate, and we must adapt ourselves and our children to the needs of this environment. I also find that trainers in the geological field join training programs only to get a promotion, and not to raise his scientific level."

Dr. Muhammad 'Abd-al-Razzaq said, in response to Mr. Mustafa Nuri's question, that the lack of water usage statistics illustrating consumption in every city is the thing that has prevented any researcher from obtaining accurate information. "For that reason," he said, "we find that information on individual consumption is contradictory. Monitoring of inter-strata leakage resulting from the random drilling of wells requires a great deal of manpower so one can implement present codes in order to seize wells that violate them. Many of the wells can be dug in one night."

He explained that regarding the number he had mentioned for the consumption of treated water in 1992, 217 million cubic meters had been consumed in Saudi Arabia, and the rest in the other countries. On the awareness of consumption in line with a cultural program, he said that he supports that, just as he supports the need to consider food security by emphasizing agriculture in the water-rich provinces, or conserving this water for future generations.

On another front, Dr. 'Abd-al-Ghaffar Ba-Zuhayr, as submitted Dean of Graduate Study and Scientific Research in the College of Earth Science at King 'Abd-al-'Aziz University said, commenting on the lecture, said that treated water in Saudi Arabia has not been given a chance; nor have factories and hospitals been required to use it for their needs other than human consumption. Dr. Muhammad 'Abd-al-Razzaq confirmed that there is a need for a detailed study of some of the strata that extend over large areas. In addition, all the wells that have been dug should be recorded. There is, he said, a suitable opportunity to obtain physical information from oil companies.

Estimated Sources of Arabian Peninsula Water, Years 2000-2010

Country	Year 2000, Millions of cubic meters				Year 2010, Millions of cubic meters			
	Surface	Treated	Desalinated	Groundwater	Surface	Treated	Desalinated	Groundwater
Saudi Arabia	900	710	1,289	20,212	900	1,000	1,300	22,100
Kuwait		80	428	132		106	428	237
Bahrain		42	141	67		53	141	121
Qatar	0.40	43	216	75	0.04	43	216	129
UAE	75	200	772	1,185	75	250	772	1,359
Oman	227	50	68	1,072	227	61	68	1,229
Yemen	1,450	36	10	2,105	1,450	57	10	3,055
Totals	2,652.4	1,161	2,923	24,848	26,524	1,570	2,935	28,230

Study Proposes Industrial Free Zone

94AE0089A London AL-HAYAH in Arabic 11 Mar 94 p 12

[Text] Dubai—An economic study summed up the idea of establishing a free-trade zone in Saudi Arabia by confirming that hosting joint ventures in the free zone would best serve the developmental, economic, and social goals in the Kingdom.

The study, prepared by Dr. 'Abd-al-Rahim Fu'ad Faris, economic advisor in the office of the Minister of State and Chief of the General Monitoring Bureau in Saudi Arabia, indicates that "hosting joint ventures in the free zone represents an important step toward gradually liberalizing production factors on scientific bases. It will also help indirectly to achieve economic integration among Arab countries or the Gulf Cooperation Council [GCC] states."

He said in his study, published in the most recent issue of TA'AWUN [Cooperation], published by the Secretariat General of the GCC states, that "for the hosted projects to produce the desired results, the Kingdom would follow a selective policy with the aim of establishing a free industrial export zone, and not only a free port. Industries would be located there to help create new added value."

He indicated that supporters of establishing a free zone in Saudi Arabia hope it would achieve several objectives, such as diversifying the economic base and boosting the participation of the industrial sector in the GNP. Industry currently accounts for 10 percent of GNP, and oil accounts for more than 90 percent of the Kingdom's total exports, despite the remarkable development the petrochemical industry and other industries have achieved. The study noted that supporters of a free zone seek to encourage greater private sector participation, as an active free zone and the private sector's cash flow inside and outside the country offer the private sector investment opportunities to carry out its important role. The free zone can also help to transfer and develop usable technology to serve the needs of the Saudi economy. Proponents of the idea, according to the study, believe the free zone could increase the non-oil GNP growth rate by increasing demand for locally produced

raw materials; stimulating exports of goods and services; reducing substitute imports; and using and training domestic labor. They also see the possibility of bringing home Saudi money abroad and attracting foreign capital, as well as helping to support the competitive ability of the industries the Kingdom takes part in. Saudi Arabia's petrochemical production has trouble penetrating European markets, for example, because of taxes and other obstacles, negatively affecting the competitive ability of these industries. The establishment of joint ventures with other countries in the free zone would support these industries' competitive ability.

Dr. Faris believes that "the Kingdom should heed the example of other countries so that Saudi Arabia will not repeat their unsuccessful experiences with projects that were hastily implemented during the oil boom." He pointed out that "the idea of establishing a free zone must be founded on the basis of its own merits."

The study contained two propositions, one supporting the idea of establishing a free zone in the Kingdom, and the other not supporting it. It mentioned "that some of the encouraging factors that show the possibility of establishing a free port in the Kingdom are: Saudi Arabia's pursuance of a free economy policy; the volume and international standing of the Saudi economy, estimated at \$50 billion annually; abundant capital and liquidity; and the excellent reputation and confidence the Kingdom enjoys in global financial circles, in addition to its political and economic stability."

Among the obstacles and negative aspects of the establishment of a free zone in the Kingdom are, according to statements not supporting the idea, the high cost. Despite the Kingdom's excellent infrastructure, the establishment of the zone would require the spending of large sums, possibly in excess of \$10 billion. The free zone in 'Jabal 'Ali, constructed in the late 1970s, cost \$2.5 billion, or the equivalent of \$10 billion in 1988 prices.

Besides that, free zones have failed to achieve their goals—such as the transfer of appropriate modern technology—in numerous countries. And free zones have social and political effects that, it is expected, Saudi

society would reject. As to economic freedom in the Kingdom, some people believe the Saudi economy enjoys sufficient economic freedom, and that the establishment of a free zone might not add all that much to it. For another thing, free zones are not considered, from an economic standpoint, to be part of the host country. If there were a concession agreement between Saudi Arabia and another country as the first country's condition for custody, then the free zone's products might not benefit in this case, as its products would not be Saudi, even if the Kingdom's share in those goods were substantial.

The study concluded by saying that establishing a free zone in the Kingdom would require conditions, among them the use of a system sufficiently flexible in terms of guiding measures for establishing imported labor and their families; stimulating the financial market in the Kingdom; lifting many curbs, while retaining controls or enacting similar ones to reduce chances of repeating the stock exchange experiment in Kuwait; and studying incentives, to aid the success of the free zone without damage to the local market in the form of taxes, duties, administrative measures, control of foreign currency, and arbitration. It added that while the 'Jabal 'Ali free zone was the first to enter the free zone world, Gulf countries, including Saudi Arabia and Iran, are considering or may consider their own free zones. It is expected that competition would intensify after the establishment of these zones, ending the chances of most or even all of them for success. Thus it would be necessary to invite relevant Arab countries, particularly the GCC states, to coordinate among themselves to avoid trouble.

TUNISIA

Statistics on RCD Representation

94AF0141A Tunis REALITES in French 10 Mar 94 pp 10-12

[Article by Moncef Mahroug: "Elections: How the RCD Chose Its Candidates"—first paragraph is REALITES introduction]

[Text] Out of the RCD's [Constitutional Democratic Rally] 144 candidates, 105 are new faces. There are reasons for this profound change.

When the slates of candidates of the Constitutional Democratic Assembly for the 20 March legislative elections were made public on Saturday, 26 February, many hopes evaporated and many plans collapsed. Because the makeup of the slates surprised more than one person. And there was reason to be surprised and even to fall over for all those who—and there are probably many of them—within the RCD had hoped to appear on these slates and who, why not, already saw themselves as deputies.

Of the many names that public rumor had held were on the RCD's slates of candidates, there were very few whose hopes were realized. This is scarcely surprising, at least as it relates to outgoing deputies, an overwhelming

majority of whom will not have the opportunity to be part of the first multicolor Chamber of Deputies that will in all likelihood emerge from the elections on 20 March.

Of the 141 outgoing members of the Chamber, 102 (more than 70 percent) will not run again. In this cohort is a group of genuine record holders who have spent, often discontinuously, between 15 and 30 years at the Bardo Palace. The eldest among them is Mr. Habib Tliba, the only member of the current Chamber of Deputies to have been a part of the Constituent Council and subsequently to have served six terms interrupted by one six-year period (between the fourth and fifth terms).

However, most of the deputies who are not running again have served only one term (78) or two (12). And close to one-half of them (50 are between the ages of 40 and 49 and three are between 30 and 39) are still young.

Given such a profound change, it would be difficult to find an electoral district untouched by this huge movement. In fact there aren't any. Even the rerun rate again varies from one district to another. At the two opposite ends there is Nabeul, half of whose deputies are running for a new term, and a group of seven electoral districts (Gabes, Sfax (2), Mahdia, Ben Arous, Tataouine, Kebili, and Tozeur) whose candidates are new faces.

Only 39 of the RCD's 144 candidates belong to the outgoing Chamber of Deputies. The breakdown by age of this group is identical with that of the group of the 102 who are not running again. Most of them (26) are under the age of 50 (between 40 and 49 years old).

When the composition of the two groups is analyzed, it becomes clear that the first criterion—but not the most important one, since the number of affected deputies is not very large—on the basis of which the selection was made was that of the number of terms: no deputy (out of a total of 12) who had served more than two terms was chosen to appear on the RCD's slates.

Those vying for a slot on the RCD's slates also had very few—if any—chances of being reslated if they already have other duties. Indeed, the closest aides of the head of state and the RCD chairman were told to avoid wearing too many hats per individual "so as to expand the exercise of political responsibilities" and give new men a chance to test themselves. Besides, that is the main reason for the nonappearance in the political arena of most of the RCD's big guns and for the overwhelming majority of members of the government.

Another presidential concern guided the choice of RCD candidates in the legislative elections: the concern to ensure balance at the local level, i.e., between delegations. The allocation of slots among the latter was, in fact, made on the basis of a detailed study, which determined the degree of representation of each delegation with respect to the various categories of political, administrative, and economic staff. Thus priority was

given to the underrepresented delegations even when their "candidate for the candidacy" has a less solid profile than someone else's.

So the Chamber of Deputies that will emerge from the 20 March elections will be quite different from the present Chamber and in particular from the pre-changeover Chamber. Indeed, out of the RCD's 144 candidates—105 of whom are new—there are no more than five deputies¹ who occupied the same position before 7 November 1987, as against 24 in the outgoing Chamber.

Table 1: Composition of the Outgoing Chamber of Deputies by Profession

Civil servants ¹	77
Teachers	18
Doctors	13
Lawyers	11
Businessmen ²	11
Engineers	7
Pharmacists	2
Top-level technicians	2

¹ In this category have been included all civil servants employed at the various ministries (including magistrates (2) and two high-level officers, including one retiree) and those of businesses and public offices.

² Including two farmers and one merchant.

Table 2: Record-holders in the Chamber of Deputies

Deputy	Number of terms
Habib Tliba	6 (plus the Constituent Council)
Mokhtar Bellagha	5
Slaheddine Bali	5
Taoufik Essid	5
Mekki Aloui	5
Belgacem Debcha Gasmi	4
Hamed Karoui	4
Habib Majoul	4
Med Moncef Mosbah	4
Beji Caid Essebsi	3
Abderrahim Zouari	3

Table 3: Deputies Not Running Again by Profession

Civil servants	57
Teachers	11
Doctors	10
Lawyers	10
Businessmen	7
Engineers	3
Pharmacists	1
High-level technicians	2

Table 4: Deputies Not Running Again by Number of Terms

Number of terms	Number of deputies
1	78
2	12
3	3
4	4
5	4
6	1

Table 5: Deputies Not Running Again by Age

Age	Number
30-39	3
40-49	50
50-59	31
60-69	14
70-79	3

Table 6: Deputies Running Again by Profession

Civil servants	20
Teachers	7
Doctors	3
Lawyers	1
Businessmen	4
Engineers	4
Pharmacists	1
High-level technicians	0

Table 7: Deputies Running Again by Age

Age	Number
30-39	3
40-49	26
50-59	7
60-69	3
70-79	0

Table 8: Electoral Districts by Rerun Rate of Deputies

Complete change	Gabes, Sfax (II), Mahdia, Ben Arous, Tataouine, Kebili, Tozeur
Half or more	Gafsa, Sfax, Tunis (I), Bizerte, Ariana, Jendouba, Kairouan, Beja, Le Kef, Medenine, Tunis (II), Zaghuan, Siliana, Monastir, Sidi Bouzid, Kasserine, Sousse
Less than half	Nabeul

Footnote

¹Two of them (MM. Habib Boulares and Moncef Louati), however, were not deputies at the time of the changeover. They were only deputies during the preceding term, i.e., the sixth.

REPUBLIC OF YEMEN

Al-Zandani Opposes Including French, U.S. Attaches

94LH0039D Doha AL-SHARQ in Arabic 8 Mar 94 p 7

[Text] Informed sources have told AL-SHARQ that there is a dispute between the Yemeni president, Lieutenant General 'Ali 'Abdallah Salih, the secretary general of the General People's Congress, and a member of the Presidential Council, Shaykh 'Abd-al-Majid al-Zandani, the leading member in the Higher Body of the Yemeni Grouping for Reform, concerning participation of the military attaches in the U.S. and French Embassies in the Joint Military Committee. The Joint Military Committee includes a group of Yemeni, Jordanian, and Omani officers, in addition to the U.S. and French attaches. It is working on separating the northern and southern forces in the areas that have been the scene of some military tension.

These sources said that Shaykh al-Zandani opposes bringing the U.S. and French attaches into this committee, whereas President Salih welcomes their participation.

It should be mentioned that the committee has already visited a number of military locations and succeeded in defusing tensions and dispersing troop concentrations from some points, especially in the Mudiya area of the province of Abyan, which had been the scene of a military confrontation after northern forces had come to give their support to citizens of the area who opposed the southern forces from the al-Wahdah Brigade that had come from the province of Hadramawt. The committee also managed to remove the northern forces, that were near the former border areas, from the southern side. The troops that were headquartered in the al-Rahidah area, south of Ta'izz, were withdrawn to the Janad area, east of Ta'izz. Also, the troops along the line between Ma'rib and Bayhan were separated.

In addition to this, a military delegation from the Arab League continued its visit to Yemen in order to investigate the military situation that nearly exploded during the last two days. Sources said that the [Yemeni] Socialist Party is demanding that the military committee be expanded and that Arab forces be created.

In addition to this, it was announced in Sanaa that a preparatory committee had been formed in order to create a higher council for Yemen's tribes, and that this committee met the day before yesterday in the residence of Shaykh 'Abdallah Bin-Husayn al-Ahmar, the "chief of the Hashid tribal leaders." It was decided to announce the formation of this council during the next two days.

Al-'Attas on Economy, Union, Security, Violence

94LH0016A Sanaa AL-MUSTAQBAL in Arabic
12 Dec 93 pp 8-9

[Interview With Yemeni Prime Minister Haydar Abu-Bakr al-'Attas by AL-KHALIJ in Sanaa; date not given]

[Excerpt] Yemeni Prime Minister Engineer Haydar Abu-Bakr al-'Attas has noted that the situation in Yemen is difficult, that any clash could turn into a catastrophe, and that each province or tribe can move on its own. He has called for dialogue on all opinions, regardless of how disturbing, until the ideal unity formula is developed. Speaking of Salim Salih's statements on "federalism," al-'Attas said that before unity, the north demanded federalism, whereas representatives of the south demanded merger.

Even though al-'Attas reasserted that Yemen is well and that it can overcome its ordeal if the will and the desire are there. However, he has expressed his concern for the absence of frank dialogue and over "things hatched in the dark." Al-'Attas has also warned that a continued crisis could lead to an end of all the coalition forces.

Al-'Attas has revealed the details and secrets of the kidnaping of the U.S. information attache and of other acts of violence to which he personally and other party leaders have been subjected. He further revealed the details of proposals and timetables that he personally, and other party leaders, have submitted to end the crisis, including practical measures to prevent revenge and the use of revenge politically, to apprehend those responsible for violence, and to evacuate armed forces from the cities. The Yemeni prime minister has also noted the presence of forces determined to engage in sabotage and of organizations opposed to unity. But he reaffirmed that he is confident that the union will continue and that Yemen can deal with the ordeal.

He also touched on details of the financial issues and on the economic and social problems. All this is contained in a lengthy interview which AL-KHALIJ conducted with al-'Attas at his home in Sanaa. Following are the details.

Economic and Political Crisis

[AL-KHALIJ] Yemen's economic and social crisis seems to be extremely severe. The riyal has been sliding so swiftly that a dollar is worth 56.5 riyals now. Development seems to be suspended, and even normal growth seems to be nonexistent. Even though land development in the capital continues, the manifestations of poverty seem to have grown worse for somebody who visited Yemen a few years ago. Is this a reflection of the ongoing political crisis, or are there other reasons?

[Attas] The economic crisis is not caused by the current political crises but is an old crisis. Many wagered in the past on the collapse of the united Yemen. But the government has made very great efforts in recent years, especially in 1991 and 1992, and it gained strong control

over the economic conditions. In 1991, the government was able for the first time to control the general deficit of the general state budget, reducing that deficit from 15 billion to five billion riyals, a figure that aroused a great deal of optimism among us. The 1992 budget was drafted on the basis of that success, and an investment program was drawn up for the first time.

We held a joint meeting with the Presidential Council at the beginning of 1992, in the wake of political tensions that surfaced at the end of 1991. A number of economic measures capable of improving the conditions and of neutralizing the negative effects of the political developments were taken.

But regrettably, political tensions and security violations increased, and those developments swept away numerous aspirations. The crisis climaxed in December 1992, thus forcing the government to address a strongly worded message to the political leaders. We also discussed the crisis at the House of Representatives.

What happened during those crises could have been overcome if it had not been for the absence of a united political will at the leadership—an absence which led to exploiting the conditions and manipulating the economy.

Even if professional merchants respect their trade and operate in a sound economic manner, intruders corrupt everything. The fluctuating prices that we are experiencing are the result of the activity of these intruders and corrupters.

Fabricated Operation

[AL-KHALIJ] Do you mean that the drop in the value of the national currency is a fabricated thing that does not reflect the true economic conditions?

[Attas] Yes, it is fabricated. It is also tantamount to exploitation of the crisis for illicit gain. Last December, we started organizing a currency exchange rate list compatible with our tendency to move toward a free-market economy. But even that list has been nullified. However, we continue to try to implement it. I met with the Central Bank management a few days ago. The unsound approach to exchange rates and to currency should be ended by the end of this current month (November). Severe penalties will be imposed on any illicit transactions violating the official list.

Regrettably, there are large numbers of merchants who are engaged in the money-changing trade.

[AL-KHALIJ] Frankly, can merchants play such a serious game without being backed in one way or another?

[Attas] I will emphasize that good merchants, including the Federation of Chambers of Commerce and well-known merchants, have taken a good position. They are opposed to what is going on in the market. But intruders

are exacerbating the crisis. There are also responsible citizens who, regrettably, engage in the money-changing trade in a faulty manner.

Fearful Spending

[AL-KHALIJ] More frankly, I have learned that the people's hardship has reached such a phase that people are disavowing the coalition, unity, and democracy.

[Attas] The economic condition is the main issue, of course. All political accomplishments mean nothing if the citizen experiences problems in his daily life. This is why, when drafting the 1992 budget, we were eager to curtail inflation and the economic problems. A main cause of inflation is the general state budget. It so happens that I was talking to the finance minister a short time ago. Vast sums of money are spent without even consulting the prime minister. A short time ago, I was reminding the finance minister that he is not entitled to spend such immense sums, even if he receives instructions from any other authority.

State spending is fearful, especially the military establishment's spending. I do not believe that all that is spent in the name of this establishment is used for its benefit.

[AL-KHALIJ] It is normal that the military establishment's spending grows under the circumstances of the political crisis and when the conflicting forces rely on their own military forces.

[Attas] The truth is that this spending is not a consequence of the crisis. The volume of spending on the military establishment has been a subject of dispute since 1991. At the outset of 1992, we tried to curtail this spending, but to no avail. In July this year, prior to the crisis, I held a meeting with the finance minister, defense minister, and the military establishment, and the focus was on the problem of food supplies and on spending on personnel.

[AL-KHALIJ] What are the figures that can be made public in the military sphere?

[Attas] Our armed forces are 246,000-strong. But we have taken an official decision that they will not exceed 150,000.

Smuggling Problems

[AL-KHALIJ] Why has Yemen's currency not been unified to date, despite the announcements on such a step?

[Attas] To begin with, I would like to say that the economic situation can be brought under control, that the riyal can regain its strength, and that the standard of living can be enhanced if two things are achieved: first, control over state spending and, second, control over state revenues. A total of 50 percent of the state revenues are not collected, and smuggling is growing by bounds and leaps. Whenever we move to seize smuggling cases, our movement is thwarted.

[AL-KHALIJ] I have heard merchants and sellers say that high prices in interior towns are due to the fact that merchants are forced to pay large sums of money, which are levied on them between the coastal towns and the interior.

[Attas] Those who guard smuggling are the people who collect these enormous sums.

[AL-KHALIJ] Does not a part of these sums end up in the state budget, in the form of official taxes?

[Attas] No part ends up in the state budget, and this is one of the most significant problems.

[AL-KHALIJ] But we have heard that the people who make the collection are people in an official capacity?

[Attas] These people use some facilities; they permit smuggling; they gain and the country, the economy, and the government lose the revenues to which they are entitled. What is more important is that the majority of the imported goods are outside the program adopted by the Council of Ministers. This importing increases the demand for dollars puts more pressure on the national currency. But in spite of this, I emphasize that Yemen has the resources to control the economic situation. Oil revenues are increasing. If the other resources are brought under control, there will be no deficit in the Yemeni budget.

Unified Currency

[AL-KHALIJ] A lot of reports were disseminated prior to the latest crisis, indicating that the disbursement of salaries would be held up by numerous state institutions. At times, these reports led to strikes and demonstrations staged in the face of an unconvincing explanation which used the lack of printed currency as an excuse. What is the true explanation concerning this issue?

[Attas] This confirms the opposite of what some brothers allege, namely that the crisis is the result of the current circumstances. During the 1992 crisis, these brothers hoarded money in their homes and kept it away from banks because of some steps taken by the Central Bank to counter speculation in riyals. It was especially noticed then that large-scale bank credits were acquired not to import, set up plants, or invest in agriculture, but to speculate in currency. This is why the Central Bank hastened to suspend the credits, thus causing a reaction among speculators and a liquidity problem. This was a temporary problem, which we tackled promptly. Beyond this framework, the problem also materialized due to administrative reasons, considering that the paperwork is heavy and saddles the administration. We seek to eliminate this paperwork.

[AL-KHALIJ] Both currencies of Yemen have collapsed. But relatively speaking, the dinar has collapsed by a much greater degree. Why?

[Attas] The exchange rate has been set at 26 riyals per dinar. But sellers and merchants deal on the basis of an exchange rate of one shilling per riyal.

[AL-KHALIJ] How?

[Attas] (With a laugh) Just like that. They even try khat [to set the exchange rate]. But citizens in the southern and eastern governorates have been affected by this drop.

[AL-KHALIJ] Which means that the people are more determined than the government to unify the currency.

[Attas] This is why we have decided to withdraw the dinar, why we have actually decided that the riyal is the state currency, and why we have printed enough riyals to meet the need throughout the republic.

[AL-KHALIJ] We know that there has been a decision to unify the currency. But both currencies continue to be in circulation.

[Attas] Yes, the decision to unify the currency was made in 1991. But the 1992 liquidity crisis forced the Central Bank to put the dinar, which it had begun to withdraw, back in circulation. The consequences of this problem have persisted in spite of the decision to adopt the riyal. Now, we are actually thinking of adopting a new currency.

Here we would like to remind those who accuse the YSP [Yemeni Socialist Party] of seeking to secede that this party is the party that demands a new currency, which represents the united state. How could a party demanding a single currency adopt secession? A party that wants secession does not try to abolish its own currency.

Conflict and Sedition

[AL-KHALIJ] Thank God that you are the one who has brought up the subject of secession. Perhaps you are aware of brother Salim Salih's message, which has been circulated by fax throughout all parts of Yemen. This message calls for a federalist formula, which some people, especially in the GPC [General People's Congress], have considered a test balloon to probe the consequences and possibility of backing away from unity.

[Attas] The fact is that in crises like these, all are supposed to have enough wisdom and steadfastness to deal with all developments, except backsliding and confrontation.

With opinion and intelligence, dialogue can be held on everything. If the leadership itself prohibits discussing any issue, it denies itself the means and the possibilities of developing the right position.

A lot is, of course, being said all over Yemen and in Sanaa itself. What brother Salim Salih has said is personal and does not represent the [YSP] party. Currently,

things a whole lot more serious than this are being raised in Sanaa. Such things can be concluded from the campaign against the YSP. Last month, a statement was distributed by the GPC, entitled "YSP Provocations on the Path of Secession." Those words were an intelligence report, fundamentally, and we familiarized ourselves with that report when the Political Bureau acquired a copy prior to the Central Committee meeting. The whole statement is nothing but lies. The more serious part of that statement is the second part, which contains the recommendations. Whoever reads this statement can see what the premeditated plans are.

The statement says that the YSP sells weapons and military equipment and vehicles, and that it seeks secession. Can this be true? What kind of contradictions are these? Does one who seeks secession sell his strength and get rid of it, or does he insist on maintaining it? These are contradictory and irrational words.

[AL-KHALIJ] Unless money becomes more important than weapons in the conflict.

[Attas] (Laughing) Of course, all weapons are used in conflicts. But not insofar as we are concerned. What I meant by citing this instance is to point out that there are things that fan the fires of conflict and sedition and that do not bring people together and unite them.

In light of brother Salim Salih's statements, I had an appointment yesterday to meet with Dr. 'Abd-al-Karim al-Iryani and with brother 'Abd-al-Wahhab al-Anisi. Dr. 'Abd-al-Karim didn't show up. He then called me and said: Have you seen Salim Salih's statement? I said: No. He then came and brought the statement, which I had not read, with him. So, I said to him: Dr. 'Abd-al-Karim, have you contacted Salim Salih and others and told them we "either hold together on equitable terms, or separate with kindness" [Koran 2:229].

When I talked to Salim Salih, he responded: 'Abd-al-Karim says such things, so why do not you protest against him?

Frankly, I personally am not worried by any opinion expressed openly to be debated. I worry when things are hatched in the dark.

Confrontation Is Catastrophic

[AL-KHALIJ] There are those who see that the most significant reasons of the crisis are the conflicting opinions within each of the coalition parties. They also believe that internal conflicts within each party, whether the YSP, the GPC, or the YGR [Yemeni Grouping for Reform], paralyze dialogue and reflect on it negatively and that all these parties include forces that support unity and forces that oppose it. What is your opinion?

[Attas] This is a fact. If you examine the pre-unity positions, you would find that there were anti-unity forces in the parties. I believe that many of those forces have not changed their positions.

[AL-KHALIJ] But does not this mean that should, God forbid, conditions move in the direction of confrontation and secession, then not only the two parts that existed in the past will be brought back into existence, but a hundred catastrophes will arise?

[Attas] This is a foregone conclusion. We are aware of it, and we all work to prevent such a development, because nobody will be able to control any military confrontation. Numerous forces will enter into the conflict. Each province or tribe will be able to move on its own and all will be destroyed.

This is why we are eager to control matters and to prevent any conflict. Let people carry on with the dialogue until they develop solutions to all problems.

[AL-KHALIJ] What point has the joint Council of Ministers-House of Representatives Committee reached in its work?

[Attas] In the latest meeting, the committee's concern was to prevent an escalation of the crisis, to contain this crisis, and to create the conditions for dialogue.

The House of Representatives really planned to take steps to deal with the crisis. The house protested a statement I made against this tendency when I was in Aden. I reiterate now that such a decision is tantamount to a war declaration [as published]. It would be a positive step on the house's part to back away from this line, to understand its responsibility, and to realize the dangers that would emanate from this tendency. I intended my aforementioned statement to clarify matters. But it "upset" the House of Representatives, and it would have behooved the house not to get upset. It has been proven to it now that this line is destructive and that it may actually lead to secession.

Unity and Federalism

[AL-KHALIJ] Do we understand from your words that the joint Cabinet-House committee has stopped its effort to solve the crisis?

[Attas] No, it continues to work to contain the crisis. I believe that the best way is to continue the dialogue and to put everything, regardless of how disturbing, on the table. Yesterday (Saturday), I advised the brothers in the coalition not to be provoked by Salim Salih's statement and not to respond to him inappropriately. Otherwise, they will contribute to the escalation. Permit me to say that the media have played a fundamental role in this issue and that we have to discuss everything now.

It is true that when we discussed the unity issue, the plan of the brothers here (meaning the former North Yemen) was a plan for a federal union. But the south demanded a merger, and the brothers here acknowledge this fact. It is true that it seems that we did not study the conditions in Yemen carefully and that we could have embraced the procedure gradually. But emotion had its influence, and there actually was a rush to accomplish unity when the

accord was signed in November 1989, with the determination to accomplish unity the following November.

[AL-KHALIJ] Do you mean that problems were carried over to the united Yemen and that you agree with those who believe that the YSP and the GPC rushed to unity in order to escape from their regional problems, thus trying to gain the sympathy of the unity-minded Yemeni public, and that, consequently, the preparations necessary for unity were not made?

[Attas] Yes.

[AL-KHALIJ] But observers of the situation in Yemen believe that it is no longer possible to back away from the unity formula.

[Attas] This is one of the problems facing us. I have no decisive opinion on how to deal with issues. But one is forced to swallow a bitter pill at times.

[AL-KHALIJ] But every force in the coalition wants the others, but not itself, to swallow the bitter pill.

[Attas] Yes, this is the problem. If it persists, they will all perish.

Brink of Abyss

[AL-KHALIJ] Even the dialogue is about to come to a halt. Dialogue sessions have been postponed repeatedly. Meeting dates have been announced repeatedly. But no meetings have been held by the committees or between the president and his vice president.

[Attas] We do not know who schedules these meetings! The meeting between the president and his vice president is something else.

Let me reveal to you here a dialogue program which we (the YSP) presented but which was rejected by the GPC. It is a three-part program: The first part deals with the constitutional amendments and calls for abolishing them for the time being. The second part concerns the Presidential Council election, and the third deals with controversial issues. We have made this proposal: We cannot discuss all issues now in a tense climate. So let us define and list the issues and then commit ourselves to discuss them two weeks after the crisis eases. Now let us focus on one issue, namely the security issue. Three things emanate from this issue: suspicion; revenge, which must be outlawed; and the armed forces' presence in cities. We delivered this proposal to them [in the GPC] but they rejected it. Now, they want to return to the proposal. But frankly, we find that its time has passed.

So, let us ask: Does he who submits these proposals want to solve the problem or not? I asked them this question and delivered to them the program in the YSP's name. I, Jarallah, and Dr. Yasin debated with them. I personally

wrote the minutes of the meeting when I noticed that the debate was getting complex and that things were being done outside the committee to obstruct the committee's work. At times, one wonders about their logic and about how they could reject such proposals. What is more, they come now to tell us: We agree to the 18 points! Why did they not agree to them when they were announced? I cannot understand what is going on.

[AL-KHALIJ] It is obvious that what has happened to date between the coalition forces is a dialogue of the deaf. Despite the small degree of relaxation created by the U.S. statements and by the U.S. definition of the controls of the conflict, the question that persists is: Until when will Yemen be able to withstand the brinkmanship policies? Is it logical to wager more on outside forces than on internal dialogue?

[Attas] I answered this question with a public address I delivered at the conclusion of the conference of the Nasirite Popular Unionist Organization. I said no solutions will come from abroad. We are the ones who should tackle the problem. It is futile to wager on the outside world. This problem can only be solved by Yemen's sons, by the responsible among them, and by the coalition in particular. There is no justification to waste time any longer. The most difficult thing facing us is rejection of reality and the refusal to deal with it soundly.

[AL-KHALIJ] What is the role you envision for the political forces that are outside the coalition?

[Attas] They can play an assisting role. But the decision-making is in the coalition's hands, particularly hands of the YSP and the GPC. They are the two parties that can make the decision. They are confronted with a historic responsibility. They are the two parties that made the unity, and they are the ones that can preserve it.

Honesty and Confidence

[AL-KHALIJ] With the unity declaration, people ignored all the negatives that had preceded the declaration, and the two parties were crowned as champions of unity. Do not the two parties consider this fact now, and do they not realize the dimensions of the danger and the defacement that will afflict them if any setback is suffered?

[Attas] Certainly. But what we lack now are the honesty and the confidence to overcome difficulties. The Gulf War was the first tremor to hit Yemen's unity. Many questions remain unanswered. After the war, people sensed danger, and they united. But then the problem resurfaced. Since the middle of 1991, we have been confronted with successive crises. We formed the first joint YSP-GPC committee to solve this problem in November 1991. But we continue to suffer, and this is amazing.

Note: at this moment, an employee arrived with a big envelope. The prime minister asked Mrs. Amat-al-'Alim al-Sawsawah, the Information Ministry undersecretary, to read passages from the program, and then said: "She will read so you can hear the text from her." But Amat-al-'Alim said, "I have memorized it. I do not need to read it." Haydar Abu-Bakr al-'Attas responded, "No, they have not distributed this to you." After pointing out that the passage is from an official proposal which he, al-'Attas, submitted on 10 October to deal with the crisis, she read:

"Proceeding on basis of the accord signed by the party [YSP] and the grouping [YGR], which states that introducing the constitutional amendments is one of the tasks that must be accomplished; considering that the time available has not helped the parties to the coalition to accomplish this task in the period since the Presidential Council's term was extended; and in order to provide the proper period of time to complete and pass the amendments; to underline the coalition's eagerness to reassert the democratic march which was launched on 27 April 1993; to cement national unity and the trust between the coalition parties; and out of concern for this pioneer experiment, the allied parties have agreed on the following:

"First, the parties to the coalition will carry on with the dialogue to develop an agreed formula for the constitutional amendments during a maximum period of three months. The formula agreed on for the constitutional amendments will be submitted as a plan for general discussion. A national committee will be formed of the ruling coalition parties, the opposition parties, university professors in Sanaa and Aden, ulema, and social figures and submit draft amendments to be approved and passed by the House of Representatives within a maximum period of two years.

"Second, the Presidential Council will be elected in accordance with the current Constitution, on the basis of the coalition, and through agreement among the parties to the coalition: the GPC, the YSP, and the YGR.

"Third, in view of shortness of the time available to debate the issues raised by the YSP, as well as the issues raised by the coalition parties, on developing the state and on the citizens' problems, and in view of the approval attached to this accord and its supplements (1, 2, and 3), the parties to the coalition have agreed on the following:

- "1. Continue the dialogue to unify the coalition's vision of the issues that have been raised and that are attached to this accord so as to help the government implement this accord.
- "2. The coalition will undertake to complete this task within two weeks.
- "3. The coalition will require its members in the government to implement the contents of the cabinet statement.

"In view of the importance of some issues and of their impact on security and on the stability of the citizens' living conditions, the parties to the coalition have agreed on the following:

- "1. The coalition declares its adoption of a general truce among the tribes. In accordance with this truce, the practice of revenge shall be prohibited. Whoever engages in taking revenge shall be considered an outlaw, and the state agencies concerned shall take strict legal measures against him. A national committee shall be formed to survey and deal with cases of revenge occurring prior to the declaration. The government shall incur any expenses required by this step. The truce shall be declared within two weeks.
- "2. The coalition shall assign the government to take the steps necessary to arrest suspects whose names have been mentioned during investigations of the assassinations and assassination attempts, highway robberies, and of other security violations within a maximum period of six weeks. Whoever harbors a suspect shall be considered in violation of the law, and legal steps shall be taken against him.
- "3. Army forces shall be evacuated from major cities in accordance with the unity accords. The Presidential Council shall ratify Council of Ministers decree No. (...) on the temporary administrative division of the republic.
- "4. Monthly reports shall be submitted to the coalition leadership by the authorities concerned on the implementation of the contents of this accord and on adoption of the necessary measures."

Credibility Crisis

Haydar Abu-Bakr al-'Attas went on to add, "This is a copy of the letter that was not approved on 10 October. Now all 18 points are accepted. How come?"

[AL-KHALIJ] The GPC feels that the YSP is pushing in the direction of escalating the conflict and is calling for involving the opposition forces in the dialogue so as to broaden its political base. What is your opinion?

[Attas] Numerous documents developed by the GPC and the YSP met their end before they were signed. We have had discussions with each other, we have met repeatedly since last September, and we have had discussions within the coalition. When we submitted this proposal to the dialogue committee in the YSP's name, it was a realistic and responsible proposal to overcome the crisis and then to deal with issues calmly.

Now top-level GPC circles say that they will accept whatever the YSP accepts.

There is an issue that has escaped many, namely the issue of confidence. Because of the crisis, confidence exists no longer, and herein lies the problem. The president has told me: I state explicitly and say that I have

accepted all 18 points. I responded: It is no use now. We discussed all the details in your presence, so why did you not say this?

The problem is that I doubt that the statements by the GPC circles are sincere. In truth, the more important problem is: How do we restore confidence?

Yesterday I received a report from the party in Ta'izz indicating that the plan to assassinate (Anisi?), a parliament member representing the YSP, and the party organization secretary goes on. I sent the report today, Sunday, to the interior minister and to the security agency chief to be investigated. There are forces determined to engage in sabotage. Even in the latest operation in which a U.S. information official was kidnapped, the kidnapper used a car that carried a forged license plate attributed to Aden.

Security Secrets

[AL-KHALIJ] What are the secrets behind the kidnapping?

[Attas] This person is an army colonel named Mubarak Salih Mashan al-Zayidi. He had previously carried out an act that caused an oil pipeline to rupture and production to be stopped for 48 hours. We decided to send a force to arrest al-Zayidi. But tribal chiefs intervened to solve the issue. However, here he is, persisting in his acts. By the way, he is not the only one to engage in such acts. Before him, another man kidnaped French tourists in the same province of Ma'rib. We said: Let us punish this man. They responded: We will settle the issue tribally. The man demanded a salary and some other things. An offense against Yemen is something easy to these people.

[AL-KHALIJ] It seems that for the YSP, the security problem is the most urgent problem.

[Attas] Not just for the YSP, but for all of Yemen.

[AL-KHALIJ] The interior minister has held the Jihad Organization responsible and has asserted that there are 15 Jihad members in jail and that efforts are being made to arrest the others, totaling nearly 60 in number.

[Attas] Jihad is one of the forces involved. These forces were determined some time ago, and we embarked on a conflict over arresting them and bringing them to trial. Even the interrogation reports have been altered. This is amazing. The security agencies and this alien organizations cross paths, and perhaps the organization is used.

What offends the YSP even more is that after each incident of the sort, some GPC leaders say that it is the result of conflict within the YSP. This has offended the YSP greatly. If the GPC has such information, then it should seize those who are responsible for the incidents, even if they are from the YSP.

When I received the first threat about a mine planted near my home, I was meeting with the deputy prime ministers. Suddenly, the mine exploded and soldiers rushed to the explosion site. There they were able to

apprehend two people. The traces of TNT were still showing strongly on the hand of one of the two men, because he had planted the explosive and connected it to a fuse, hence the traces on his hand. We apprehended the man and the report, photographs, and all interrogation requirements were prepared. The next day, security forces took the evidence and altered the report at their laboratory. They said that the traces the man had on his hand were those of qat, as if qat contains TNT. They also said that the mine was not an antitank mine but an anti-personnel mine, even though we know that the mine was an antitank mine, and this is supported by photographs and data.

The interior minister presented this modified report to the Council of Ministers. We also discovered that the young officer who had prepared the original report had been dismissed from his work.

At the Council of Ministers, I said, "O interior minister, there is a crossing of paths in your agencies." They then said that the suspect, a 28-year-old man, is insane.

This is how an incident aimed against the prime minister has been handled, and the prime minister cannot learn the truth!

This incident occurred in 1992. Afterward, assassinations were perpetrated with the purpose of pressuring people. All this happened after the security plan was drafted. This is why we want to establish security first, and then the development and reform program will follow.

The threats continued by phone. One day, I was sitting here and I had the interior minister, his deputy, and some Interior Ministry brothers with me. The telephone rang and the caller said that Dr. al-Maqalih wanted to talk to me. So I took the receiver to speak to al-Maqalih, but what I heard was a different voice. So, I said to the caller, "You aren't al-Muqalih." He said that he was and that his voice was different because of qat. I gestured to the interior minister to do something, if he could. Suddenly, the man started threatening me on the phone. This happened in May, and they exploded the mine afterward. What is surprising is that the voice was familiar to me and that it rings in my ears. But I could not identify it.

Premeditated Violence

[AL-KHALIJ] An observer notices that acts of violence were perpetrated prior to the elections, were stopped during the elections, and resurfaced prior to the latest crisis. How do you understand this condition? Are the acts premeditated? Who is behind them?

[Attas] They are premeditated. It is as if they proceed "on command." As to who the planners are, only God knows.

[AL-KHALIJ] The interior minister has told us that he will announce all the facts very soon.

[Attas] God willing. I had an appointment with them regarding this issue for today, Sunday. But they have not finished. There is a lot of information on violence, especially by the Jihad Organization and by some other elements. Agreement was reached on this issue, and we decided to arrest a group of people, some of them residing in the southern governorates and some here. Orders were issued to police stations. The brothers in the southern governorates arrested the individuals wanted immediately and brought them here. But here, the wanted, who include officers, enter and leave Sanaa, and nobody dares arrest them.

When I said that the wanted included officers, they asked: Who? One of them is Najib al-Salahi, an officer in the first armored division. When we raised his name, they said: We can bring this one at any time. When I sent a message to the interior minister to arrest them, no answer was given. A lot can be said about this issue. The important thing is that security concerns all people and that nobody can live without security.

In wake of the accord, acts of violence were premeditated, and they "erupted and stopped" with some sort of intelligence. While main elements of the YSP have been targeted directly, some explosions have been staged near the homes of some GPC leaders. Explosions have been staged near the homes of 'Abd-al-Karim al-'Arshi and of al-Lawzi. But one feels that they are for coverup so people will not say that the blows are aimed against the YSP alone. There is a difference between shooting to kill and shooting for some other purpose.

On 5 September, I went to discuss the security issue and to debate Yemen's conditions with brother 'Ali al-Bid. I arrived in Aden and during my meeting with brother 'Ali, the telephone rang and I was told that it was the interior minister. He told me not to worry about the bomb that had exploded near my home and said that he was investigating the issue. Okay, who exploded this bomb, and why? It is as if whoever did it wanted to say to me: Why are you going to Aden? Leave the issue alone. Why do you tackle it?

Foreign Forces, But....

[AL-KHALIJ] What are your reports and your information on this issue?

[Attas] There are parties hostile to the Yemeni people's true aspirations. Jihad is just a part of the process. Even Jihad is used by others. Our party has expressed its opinion, and I have personally sent a message to the Presidential Council on the issue. We want to deal with the problem. We know that there are foreign forces working against unity. But the executors are Yemeni citizens. We want to tell Yemeni citizens: Break the ties with the foreign forces. We talk to these people clearly, but we do nothing else to them. What more can we do?

I offered several proposals to end this issue: We can arrest those responsible for what has been done, but we do not harm them. We just tell them: Here are the facts,

and here is where you stop. Or else we can relieve the Interior Ministry leaders, because they are unable to end this phenomenon. Or the Council of Ministers can resign and a new government can be formed.

They responded: We will end the issue. We reviewed all the names, and all they did was to arrest the famous poor young man (al-Fadli) in Shabwah. He revealed all the names, but they have done nothing important to end the crisis.

[AL-KHALIJ] In an interview with AL-KHALIJ two months ago, brother Anis Yahya raised the issue of the escape of prisoners from jail. When I raised this issue here in Sanaa, people pointed out to me that the jail is under the control of officers and officials from the YSP. What do you say?

[Attas] I addressed a committee of the House of Representatives and said that the mistake that the brothers here made and whose negative consequences we are reaping now is that the brothers here believed that everything in the south, including people, land, and institutions, belonged to the YSP, even though this is not true. (Here, Mrs. Amat-al-'Alim interposed to say, "Thank God.")

(Al-'Attas went on to add:) We have been saying this for a long time. But this mistake and others have caused the people in the south to react, making them all insist that the YSP is their representative in the unity. In the latest election, all people in the south voted for the YSP, which was even the reason behind the two GPC candidates who won in the south. (Again, Mrs. al-'Alim interposed to say, "Regrettably, this is not good for the country." The prime minister said Amen to her words).

(Al-'Attas further added:) Even we in the YSP did not expect more than 50 percent of the southern vote. But because of this position, people reacted, and they all considered the YSP their true representative. We did not want this thing to happen. Regrettably, there are many who have begun pondering unity in its current form. Numerous mass organizations have begun to rise and to move in this direction. [passage omitted]

Nasir Discusses Offer To Form Government

94LH0039C Kuwait AL-QABAS in Arabic 8 Mar 94 p 25

[Article by Ilyas Masuh: "'Ali Nasir Says to AL-QABAS: 'Yes, They Offered To Let Me Form the Yemeni Government, But I Declined'"]

[Text] The former Yemeni president, 'Ali Nasir Muhammad, told AL-QABAS that Yemeni officials who met two weeks ago in Amman offered to let him form a Yemeni government which would take over the job of implementing the Document of Pledge and Accord. However, he declined the offer, saying: "I felt that taking on the job under these circumstances would result in an escalation of the explosive situation."

'Ali Nasir added: "I stressed the importance of having existing bodies assume the job of implementing the document, rather than being content to merely sign it." He indicated that it would have been possible for him to take on the job if the offer had been the result of a meeting of the Presidential Councils, the ministers, and Parliament. However, he said that "these councils did not take this initiative, and this prompted me to focus on the importance of these parties' taking the initiative to implement the document."

'Ali Nasir then said: "I participated in the signing ceremony, but I did not sign the document, and I stressed, both before and after Amman, the importance of good intentions and an initiative in the direction of implementation being taken by the bodies concerned in the Presidential Councils, by the ministers, and by the Parliament, and that all parties, one after the other, commit themselves to implementation, including the security organizations. I proposed that the meetings be held in Aden or Sanaa, as an indication of the fact that all parties desire to create and implement the solutions and be committed to them. The document in itself is very important, it has the objective of having the country emerge from its crisis, it contains a national program, and it is the result of a collective national effort made by all parties and leaders in the Yemeni arena. Also, it has the support of the Arabs and international support. However, the implementation, unfortunately, has coincided with military events in some areas, whereas what is needed is to seek a solution by means of a dialogue, not by means of shots fired by artillery, tanks, and airplanes."

The former Yemeni president called for a search to be made for other alternatives in order that national Yemeni unity be preserved and in order to avoid bloodshed. He called upon the leaders to seek a solution via the Document of Pledge and Accord, which expresses the aspirations of the Yemeni people who have suffered from so many problems and hardships, and said that this situation is one which necessitates the creation of rapid solutions.

Political Solution May Produce Uncertain Outcome

94LH0016B Kuwait *AL-MUJTAMA'* in Arabic 18 Jan 94 pp 20-21

[Article by Nasir Yahya: "Struggle in Yemen and Unknown Future"]

[Text] Sanaa—Yemen's political crisis continues to run in place, even though the intensity of the propaganda campaigns has diminished greatly. This intensity is what contributed to fanning the fires of disagreement and to inciting secessionist and provincial emotions.

While the crisis is turning into a reality entrenching the existence of two governments, each imposing its presence and control over a part of the country, Yemeni political forces continue their dialogue on a number of issues that are assumed to be the cause of the crisis!

However, all are aware that this dialogue will not lead to a strong solution as long as 'Ali Salih, the president, and 'Ali Salim, his vice president, have not met face to face to discuss the issues causing the conflict.

Ordinary Yemenis have been awaiting the outcome of the anticipated meeting between the Yemeni president and his vice president in al-Jund on 9 January in response to an invitation from a number of ulema. This area was chosen as a good omen because it witnessed the meeting between Yemeni people and Mu'adh Bin-Jabal, one of the prophet's venerated companions, and the announcement of the Yemenis' adoption of Islam.

But the fact is that the country's political crisis is becoming more complex and that it exceeds all popular expectations. It is extremely difficult to expect a bilateral meeting, unless sudden developments crop up.

Within this context, limited reports have begun to be leaked to the press about a confidential dialogue between the GPC [General People's Committee] and the YSP [Yemeni Socialist Party] to develop an agreement to settle their disagreements in a way that allows each party to maintain an equal share of power and enables it to use a veto against anything it rejects or anything it feels is damaging to its immediate or future interest.

Some informed sources add that the accord that is being concocted secretly will restore "bilateral" power and will exclude the Islamic tendency from power, even though this tendency ranked second in the elections! But the socialists [YSP] say that the Islamists gained a share of the power at their expense. Therefore, the accord will force the GPC to give the Islamists a part of its share of the power. In return, the YSP will give a similar part of its share to its allies. This will make the government look like a national coalition that combines all of the country's political tendencies, whereas it will, in fact, be a new bilateral sharing of power! Thus, Yemen will be unable to overcome its true problems, and it will be led anew into a dark tunnel of administrative negativism and the of organized plundering of money.

Reality of Separation

Unless a new confidential accord exists, it can be said very clearly that some sort of a regime that combines the features of confederalism and federalism will be entrenched by reaffirming the control of the two strong parties over each (former) part of Yemen. The actual daily administrative, fiscal, and security actions confirm this reality. The government in Sanaa can no longer impose any decision on the governorates in which the YSP has firm control and where the socialists carry out all their actions as if they were an actually independent state.

Perhaps what confirms this point is the way the security authorities deal with arrivals from the northern governorates. Members of the House of Representatives itself are promptly prevented from entering the southern governorates if the security authorities see a need to prevent

them. This happened when delegations went to take part in the funeral of Brigadier General Husayn 'Uthman 'Ashshal, a YGR [Yemeni Grouping for Reform] leader and the first army commander in Aden after the British evacuation!

Within the same context, Yemen's television Channel 2 (Aden) announces repeatedly that any citizen wearing a janabiyah, a small dagger that Yemenis wear around their waist as an ornament and as a symbol of pride in the Yemeni heritage, will be prevented from entering the city of Aden. Perhaps the serious nature of this announcement becomes obvious when we realize that Shaykh 'Abd-al-Majid al-Zandani, a Presidential Council member, and Shaykh 'Abdallah Bin Husayn al-Ahmar, the House of Representatives speaker, cannot enter Aden unless each of them removes his janabiyah.

Last month, YSP papers published the text of a message addressed from the leadership of the party branch in Sanaa, the capital, to the party leadership in Aden, urging it to establish a model local government and a society of law, order, and progress in the southern and eastern governorates and then to spread this model to the rest of Yemen.

This message aroused opposition even within the parties supporting the YSP, because it means, very simply, an undeclared secession in the interest of a single party that controls everything!

Failure of Democratic Experiment

The most significant indications of the latest crisis is that it has declared the failure of the experiment involving political pluralism and peaceful rotation of power. Consequences of the disagreements have led to a reliance on the special armed forces of each of the YSP and the GPC. The YSP has refused to confine the disagreement to the halls of the House of Representatives, where the presumed constitutional legitimacy exists, because it knows that it represents a minority that possesses nothing.

It can be said that the YSP's plan on this affair has succeeded because the other parties—the GPC and the YGR—are eager not to use the House of Representatives card, considering that the rejection of any decisive House resolution could be tantamount to a unilateral declaration of secession by a party that has gathered all its leaders in Aden and has withdrawn most of its deputies from the House of Representatives.

Even though the GPC and YGR position toward the House of Representatives has affected the House's role negatively and has depicted the House as being unable to perform its constitutional role, this position has greatly curtailed the wish to secede and has embarrassed the YSP, compelling it to stay, even if only theoretically, within the framework of the officially acknowledged state.

But the final outcome will be the burial of the democratic experiment and the use of armed force to bolster partisan gains. This means that the Constitution is no longer the umpire that settles political disputes.

Economic Crisis

Parallel to the political crisis, Yemen is experiencing a ferocious economic crisis. Since the vice president retired to Aden, prices have risen sharply. On the other hand, the value of the local currency has dropped by 60 percent vis-a-vis the dollar. Economic circles are overwhelmed by varied feelings of concern and by fear that living conditions will worsen and that the inflation wave will rise, thus posing a threat of the recurrence of the riots that Yemen witnessed in December 1992.

Relationship Between Army, Fundamentalists Cited

94LH0039B Paris AL-WATAN AL-'ARABI in Arabic
11 Feb 94 pp 20-22

[Article by Sa'id al-Qaysi: "Yemen: Secrets of a 'Northern' Attempt to Overthrow 'Ali 'Abdallah Salih, and the Secret Link Between the Army Command in Sanaa and the Fundamentalists"]

[Text] The situation in Yemen is still moving in the direction of escalation and an explosion. The Document of Pledge [and Accord], drawn up by 'Ali 'Abdallah Salih and 'Ali Salim al-Bid, is nothing more than a new maneuver which, in the best of cases, would be hard to implement. Putting signatures to it does not mean the end of the crisis. Instead, it means the beginning of [new] crises.

In this field report from Sanaa and Aden, AL-WATAN AL-'ARABI reveals the secrets about what is going on behind the scenes and on the spot. Preparations for secession are taking place, in spite of the talk about unity. Each side is gathering its forces and rallying its clans and tribes, while awaiting zero hour. A few days ago war nearly broke out between the North and South, and was only averted because of U.S. intervention. But the situation is still like live, burning coals under ashes. The unity of today exists only because it is required by parties outside Yemen and because the parties in Yemen are afraid that, if Yemen splits up this time, it will split up into more than just its northern and southern parts.

Although there is a general feeling among Yemeni political circles that the crisis that exploded last August has calmed down somewhat, the political parties in power are refraining from asserting that the crisis is on its way toward a solution. Anything can happen in this country which is politically and socially complex and whose economy is crumbling. In spite of the fact that all parties in the conflict are asserting their support for "democratic unity" as a firm basis for the building of a "modern nation state," as indicated by the Document of Pledge and Accord which was initiated on 18 January, the real facts are otherwise. Any cautious observer who follows the situation in Yemen arrives at the conviction that the issue in Yemen is one of power and that the unification was brought about in order to solve each party's problems, in accordance with their conflicting convictions.

Each side is deceiving itself. At least this is true when one reads the statements that they make. The Yemeni Socialist Party [YSP], the southern member of the alliance, on the one hand, asserts—as expressed by Fadl Muhsin [‘Abdallah], minister of fish resources and member of the Politburo—that the YSP believed, before unification between the North and South took place on 22 May 1990, that the situation in the North was one of fragmentation, that authority there was weak, and that there was a lot of popular resentment against rule by Lieutenant General ‘Ali ‘Abdallah Salih. The YSP leader added: “We were wrong in our analysis, gave ourselves a pretext for ignoring our own problems, and considered unification to be a way out of our crisis in the context of a new international situation with which we were unable to cope in the South.”

As for the main northern party, the General People’s Congress [GPC]—a mixture of soldiers, tribesmen, notables, clergymen, Islamists, and fundamentalists—people in it considered that the situation in the South was fragile, that the YSP’s power was weak, that the people there were looking forward to getting rid of one-party rule, and that it would then be easy to digest and absorb the South and put their hands on the oil wealth, which was just beginning to be exploited.

Thus the unification was established on the basis of mistakes in analysis, conflicting intentions, and systems that conflicted with each other in every way. Even the secretary general of the YSP, ‘Ali Salim al-Bid, who is also the vice president, has become so pessimistic that he has said: “No unity has been established. Only the publishing of news items has been unified. There are two powers—a northern and a southern one—and there are also two armies and two capital cities. The unified parliament has no power.”

More Than Two Parts

The truth is that the unification was erected not only on a foundation of unrealistic intentions, but there was also a lack of trust. Crises came, one after the other, and the YSP secretary general very often refused to leave Aden. The last time he refused to leave Aden was last August, and this is what caused the current crisis to explode and induced all the southern leaders to go back to Aden. This collective refusal to leave Aden has imposed a *de facto* situation of secession, in spite of the fact that nobody has the power to declare secession. The president of Yemen cannot do this because “the old division is something that is not going to happen again,” according to an Arab diplomat close to Lt. Gen. Salih. He fears the danger of seeing Yemen split up into more parts than just the North and the South. And the South has no intention of declaring secession because it, at the present time, prefers to regain its power in the South and fix the situation there, and also believes that it will be possible to get more than this out of the situation.

This diplomat explains the YSP’s strategy to AL-WATAN AL-‘ARABI as being one that is based on the

idea that the organizations set up by the unified state have been a failure and that it is necessary to regain control of matters in the South. It is also based on pushing the crisis to the point of total breakdown and the brink of war in order to mobilize the northern forces that oppose Salih’s rule and produce slogans that express the desires of everyone, especially the people of the central areas of Ta’izz and Ibb. In those areas the predominant feeling is that power is in the hands of the people from the northern part of northern Yemen and that they themselves are the ones benefiting the least—in addition to their feeling that authority in the North is associated with those who follow the Zaydi doctrine of Islam and the fact that they consider themselves to be closer to the South, which follows the Shafi’i doctrine of Islam.

The YSP has been able to manage the crisis with skill and craftiness so far. The withdrawal of the southern officials to the South resulted in the government offices in the North being emptied, and this caused the organizations to be shut down and the administrative situation to become worse. Public opinion then became fully aware of the aspects of corruption and lack of security and control by the internal security forces over all the nation’s institutions. At the same time, the YSP has managed to recover its ability to control the South. In fact, the YSP has rallied to its banner many people in the southern opposition who felt that unification infringed upon their rights and impoverished the South. Moreover, the YSP has been able to attract members of the northern opposition and to induce the Bakil tribes to adopt a position that supports the thesis and demands of the YSP. The northern Bakil tribes are the most numerous and they dominate the largest geographic area, and they are known for the fact that they have been excluded from power by the Hashid tribes. The Hashid tribes are headed by Shaykh ‘Abdallah Bin-Husayn al-Ahmar, speaker of the parliament and head of the Yemeni Grouping for Reform Party, one of the three parties allied with the government, and these tribes are the ones that Lt. Gen. Salih belongs to.

Fundamentalist Penetration

On the other side of the coin, it appears that the GPC has lost a lot of its freedom of action because the crisis has revealed the nature and composition of the power structure in the North. This power structure is based on the president’s family, that is, the al-Ahmar family which dominates the leadership of the army, and his tribe, the Sanhan, which is one of the Hashid tribes whose members make up the Republican Guard and Central Security, which number some 80,000 soldiers.

The crisis has also uncovered the truth concerning the security forces coup which resulted in the deaths of 150 members of the YSP. It appeared that there is a relationship between the army commanders and the fundamentalist groups led by ‘Abd-al-Majid al-Zandani, member of the Presidential Council and the strong man in the Reform Party. Secrets have begun to come to light

concerning the assassination plans and those masterminding them, and they are mostly Yemeni and [other] Arab fundamentalist soldiers who were trained in Afghanistan and then returned to Yemen, through the aid of al-Zandani and by means of financing by 'Abdallah Bin-Husayn al-Ahmar, where camps were set up for them in the Sa'dah area, in the northern part of North Yemen, and in Ma'rib. A number of them were arrested in Abyan in the South, and they confessed what organizations they belonged to. They were then smuggled up to the North after they had spent a month in the jails of Aden. Official sources assert that these fundamentalists include Egyptian soldiers who are on Cairo's wanted list. President Husni Mubarak has presented a list of their names, as well as maps showing the location of their training areas, to 'Abd-al-Karim al-Iryani, the minister of planning [and development], who tried to deny the information, but without success.

In addition to this, the truth concerning the economic crisis has started to come out. The prime minister, Engineer Haydar Abu-Bakr al-Attas, in a letter sent to President Salih, revealed what he claimed to be the counterfeiting of about 20 billion riyals [YR], an act that was undertaken by a person close to the president, by the name of al-'Aqlani Rashidi. The prime minister says that the president and one of his assistants withdrew at least YR3 billion from the Central Bank during the month of November, and the reasons for this were not known, nor was it known how the money was spent. In this regard, it is said that the money was distributed to the tribes in a campaign to mobilize [forces] against the South.

The same sources say that the president and the forces under his control, in early December, attempted to carry out a plan aiming to encircle the city of Abyan, in the South, and surround the southern brigade which is guarding the city. The 'Amaliqah Brigade, from the North, moved toward the city, but the southern army knew about this move and managed to encircle the 'Amaliqah Brigade. News from the South says that the United States knew about the movements of the northern army and informed the southern leaders concerning it, and also demanded that President Salih cease all actions which would result in a military clash.

Attempt to Overthrow 'Ali Salih

President Salih appears to be weak, he has lost the initiative since last December, and he has even begun to make statements in support of a dialogue. But in mid-January he tried to wreck the dialogue by means of using pressure from the Reform Party and the fundamentalists through members of his family. Some people have even talked of the existence of a plan to remove him and appoint [in his place] Chief of Staff 'Abd-al-Malik Sayyani, in case he accepts the results of the dialogue. President Salih actually did try to avoid accepting the Document of Pledge and Accord in a speech he made in the city of Ta'izz, in the presence of clergymen, and in which he attacked the southern leaders. Also, a committee of clergymen was formed for the purpose of

blocking the efforts of the Dialogue Committee which had arrived at the accord and was waiting to have it initiated.

It turned out that President Salih also was being subjected to foreign pressures, especially on the part of the United States, which—in the opinion of a European diplomat who followed the crisis from his headquarters in Sanaa—had declared that it was against any military conflict and that it favored peaceful solutions, and that if a separation of North and South were inevitable, it preferred that this be done peacefully and without any bloodshed.

The Yemeni president had no choice but to accept the document, because he knew that a split up between the North and South would not necessarily mean going back to the previous borders that separated the North from the South. He felt that accepting the document did not necessarily mean putting it into practice and that there was room for maneuvering.

The fact is that there is no one who can bet on seeing the document implemented, since it represents a radical overthrow of President Salih's authority, according to Muhammad Sa'id 'Abdallah, known as "Muhsin," who is the minister of housing, a member of the Politburo, and one of the YSP's most important leaders. The document targets the power structure and is designed to reorganize the political system on new bases which, in his opinion, conflict with the northern system that is based on the power of the tribes and the army. One Socialist, however, is optimistic and believes that it will be possible to implement the document. He even thinks that, if it is only 40 percent implemented, this will constitute a victory, especially if the clauses concerning security are implemented, if the army is removed from the cities, and if some of the local rule clauses are implemented.

The Document As a Maneuver

There is no doubt that the document is a complicated one and is tantamount to an initial agreement similar to the agreement between Israel and the PLO in the sense that every clause requires a separate agreement. It requires about 40 draft laws in order to be implemented, and also necessitates a modification of the Constitution. A glance at the document tells us that it greatly limits the authority of the president, whereas the authority of the prime minister is expanded to include defense and finances. At the same time, the administrative, security-related, and financial powers of local rule [authorities] are expanded. This is against the interests of many of the military commanders in Sanaa who constitute the new class of nouveaux riches.

For this reason, in Sanaa and Aden there is the impression that the maneuver will continue. It actually started with the negotiations concerning signing the document. President Salih made it a condition that the vice president and prime minister return to Sanaa, whereas the

YSP demands that the document be signed and implemented—at least the first part of it which concerns security-related matters, that is, removal of the army from the cities and organization of the president's and vice president's security forces. The YSP has set the condition that the document be signed in Amman in the presence of Arab and Western leaders in order to guarantee that it be implemented, and that the vice president and prime minister return to Aden on the basis of the consideration that Aden be the nation's capital for six months, that is, until next May. By then the clause dealing with security matters in Sanaa will have been implemented.

Actually everything is moving in the direction of having the situation remain as it is today. There are many indications of this trend. One of them is the reorganization of authority in the South on the political and economic levels. The YSP says that, in case the document does not start to be implemented in the North, it will be implemented in the South. The YSP has also begun to make preparations for a general conference which will include all of the parties and key figures and establish a "Document Front." [as published] This is a plan that stipulates the reorganization of the forces in both the North and the South, which rallied under the banner of the YSP, especially those from the areas of Ta'izz and Ibb, where the population totals 3 million persons. Work is also underway to enlist the support of the Bakil tribes and the natives of Ma'rib, the oil-rich area in the North.

Concerning economic matters, orders have been given to the oil companies operating in the South to begin paying interest payments and to transfer them directly to the National Bank (formerly the Central Bank) in the South. This is a clearly separatist step. Right now negotiations with new companies are going on without the North being notified. This is also an obvious attempt to impose the status quo that resulted when the southerners came to the South and refused to go back North, and this is secession, even if it is not labeled as such.

Thus it is clear that signing the document does not necessarily mean the end of the crisis. Instead, it could mean the beginning of new crises. Lack of trust cannot be eliminated by means of a signature or a kiss. The gulf is a wide one, and each side is sharpening its swords to be ready for an opportunity to pounce on its enemies. The current truce is one that is being imposed from outside, and it is also the result of internal apprehension, because each side knows full well that the war will involve all of Yemen and that, if it splits up, it will split up into more than just the North and the South.

Counterfeit Dollars and Riyals, a Crisis That Could Use Up the Oil Revenues

Of course the political crisis has been reflected in the economic situation, and this has been expressed by a rise in the dollar's exchange rate on the parallel market, where it is equal to YR65. But, for numerous and

complex reasons, one cannot link the decline in the Yemeni currency exclusively to the political crisis. Yemen is living without a budget because Prime Minister Haydar Abu-Bakr al-'Attas was not able to convince President 'Ali 'Abdallah Salih of the necessity of restricting presidential expenditures, giving the cabinet authority to control and administer expenditures, and not withdrawing funds from the Central Bank without obtaining a ministerial decision in accordance with the necessities of the budget and the goals set by it.

Thus the prime minister continued his work in accordance with the 1991 budget without having the authority to administer disbursement operations and without being able to control the money supply and liquidity. The result of this situation was that the budget deficit rose to YR25 billion last year, whereas the overall value of the budget was YR33 billion. This was reflected in the rates of inflation, which worsened to the point of being as high as 200 percent per year, which were also affected by the increase in volume of monetary liquidity in the markets due to the influx of counterfeit currencies of denominations of \$100 and YR100.

Furthermore, the increase in monetary liquidity led to an increase in purchasing power and an increase in the value of imports, so that the balance of trade deficit totaled YR6 billion last year and the total public foreign debt went up to more than \$8 billion.

Yemen's currency is not expected to regain its health, because the black market finances about 80 percent of the imports and because Yemen needs 100 percent of its wheat imports and 90 percent of its basic industrial products [are imported]. Also, it is not possible to increase the value of the riyal without lowering official expenditures and limiting the authority of the Presidential Council and the Council of Ministers. Any decrease in expenditures will necessarily mean following a belt-tightening policy, and will force the government to float the riyal in order to have its price be determined by the forces of supply and demand in the parallel market. In the end, this means raising the prices of imports, which will require decreasing the deficit in the balance of foreign payments. This will have to be done either by means of increasing oil production—which cannot be easily expected within a short period of time—or diverting a large portion of the oil revenues to cover imports and thus diverting them from investment in production or other development projects.

There is no doubt that the economic crisis will continue, and it is expected that Yemen will use up a large portion of its oil production during the next two years in order to pay off the large deficit in the balance of foreign payments and in order to pay off debts and services associated with it, because it is also difficult to combat the smuggling operations which are sucking up the monetary liquidity which is calculated in terms of hard currencies.

Government May Face Difficulty Borrowing Funds*94LH0039A London AL-SHARQ AL-AWSAT in Arabic
3 Mar 94 p 9*

[Text] A broad dispute arose in Yemeni government circles after a revelation from Aden concerning some details of the state's public budget for 1993. These details included the fact that the budget deficit amounted to more than 50 percent of the total. At the beginning of this year, AL-SHARQ AL-AWSAT obtained some information indicating that the budget deficit totaled 40 billion Yemeni riyals [YR]. This is something that recently came to light when the new agencies said that the total budget was about YR74 billion and that the public revenues amounted to YR32 billion, whereas the deficit amounted to about YR42 billion. Yemeni economic, business, and financial sources had warned of the dangers of this deficit if the economic situation in the country continued as is as a result of matters piling up during the nation's transitional period to national unity and unlimited public expenditures. They warned of the consequences of the monetary policy that is being followed and the government's continued printing of more paper currency without sufficient backing—something that has weakened the value of the domestic currency vis-a-vis hard currencies and increased the rate of inflation.

The sources, in subsequent statements, went on to say that the political crisis that has afflicted the nation since August [of 1993] has caused complication of the economic situation and the addition of new factors to the problem facing the nation's public budget.

It was not known precisely how the Yemeni Government has managed to deal with the deficit in the nation's public budget, which has been steadily increasing during the last year. But economic sources have indicated that one approach it has used has been that of printing more Yemeni currency bills and flooding the market with them. This has recently led to the collapse of the Yemeni currency vis-a-vis hard currencies, especially the U.S. dollar, the price of which in the parallel market has increased to more than five times its official price declared by the Yemeni Central Bank. It has not yet been possible to determine accurately how these huge amounts of money, included in the public budget deficit, have been spent. But the sources have indicated that the total spent on wages, salaries, compensations, and other such payments amounts to far more than 50 percent of the total budget, which is YR74 billion, according to the latest information. What this means is that even the total in revenues is unable to cover the salaries and wages earned by more than one-half million Yemenis, that is, the total number of persons employed in the nation's public sector, administrative apparatus, and armed forces units.

The sources have said that the events of 1993—particularly the public elections that took place in April and subsequent political developments in the country, the last of which was the public census project they decided to postpone—also resulted in a new burden for

the public budget. The government recklessly spent billions in order to deal with the demands of this experiment, and the two parties in power spent unlimited amounts of money in order to gain more supporters and mobilize them to confront the other side.

Concerning the development projects and services programs, the sources have said that they were allotted only a small part of the public budget. No improvement worth mentioning has been noticed in services and infrastructure projects. Also, people have not noticed any new additions. The situation has remained as it was in previous years, or else has gotten even worse, especially with regard to roads, electricity, and water and sewage projects, which have noticeably come to a halt. The sources doubt that the Yemeni Government has resorted to borrowing from abroad to deal with the deficit that has afflicted the public budget, because relations with the lending nations that used to deal with Yemen are still angry about Yemen's position concerning the recent Gulf crisis (Iraq's occupation of Kuwait). Also, in the view of many of these nations, Yemen has become an oil-producing nation. Even when cooperation between Yemen and many of the nations and international organizations has continued, it is restricted to technical aid, consulting, [the acquisition of] special expertise, and some services projects, especially in the fields of public health, environmental health, etc. The sources considered that it is not possible, in any case, to hold any particular party responsible for the latest deficit afflicting the Yemeni public budget, in view of the fact that the fiscal and monetary policy does not differ much from that of the rest of the policies which have been followed by Yemen during its stage of unification. The government agencies have multiplied to an extent previously unknown in this country, and the Ministry of Finance, together with the Yemeni Central Bank, have been transformed into mere executive agencies who have no say in the formulation of policies and decisionmaking and cannot restrain the higher authorities that merely want to have their orders carried out without having to take into consideration the consequences of these orders—especially those dealing with the printing of more paper money to deal with ever-increasing expenditures.

The sources remember how the statements exchanged between the leaders of the General People's Congress [GPC], and those of the Yemeni Socialist Party [YSP] contained accusations concerning fiscal policy, public expenditures, wasting money, and not adhering to the rules and clauses dealing with spending the public budget. The leaders of the GPC consider that the YSP is directly responsible, since the prime minister, who belongs to it, is responsible for the steadily increasing expenditures and the printing of more paper currency in order to cover the salaries, wages, and compensations being paid out in the southern provinces. The YSP leaders are saying that the salaries they are talking about in the PCG do not amount to anything in comparison with the unlimited expenditures of the nation's president and the Ministries of Defense and Interior, and, in this regard, they refer to what 'Ali Salim al-Bid recently

mentioned concerning the fact that the Central Bank is being administered by telephone from the Presidential Palace.

Finally, the sources pointed out that the deficit that has afflicted Yemen's public budget is also the result of the fact that Yemeni society is accustomed to having the

Public Treasury meet all of the expenditures. Recently some newspapers, by means of cartoons and satirical articles, have compared the treasury to a dairy cow that is expected to provide all the members of a family with what they need, without any serious thought being given to how to make it possible for the cow to always be able to do this.

INDIA

CIA Claimed Behind Bombay Explosions, Riots

94AS0237C New Delhi JANSATTA in Hindi 12 Mar 94
pp 1, 12

[New Report: "CIA was Involved in Bombay Bomb Blasts"]

[Text] Bombay, 12 March. The CIA was involved in the dreadful violence and bomb blasts in Bombay after the 6 December 1992 incident. This is the conclusion the Indian intelligence agencies have reached. According to the conclusions reached after confidential investigations, the CIA used the Pakistani intelligence agency, ISI, the Mafia gangs in Bombay, and some leaders for this purpose.

According to these sources, the CIA helped the communal organizations and the Mafia gangs with money and weapons. These sources revealed that the purpose for the dreadful violence and bomb blasts in Bombay was to sabotage the market here. They went as far as to say that the CIA is trying to split up India. These sources expressed the concern that Madras was the next target after the destruction in Bombay.

A red alert has been declared in the state after this information was received. The state government has issued a special appeal to the people to remain peaceful. According to these sources, the CIA is inciting innocent people in addition to using anti-social and communal elements to make its conspiracies successful. The intelligence agencies have prepared a list that includes names of important persons in politics and other fields. Their activities are being closely monitored now.

The intelligence agencies have collected all possible information related to the terrible riots in December 1992 and January 1993 as well as to the March bomb blasts. What happened in Bombay after 6 December was not coincidental. The plans to spread violence were made before 6 December. A local intelligence official was aware of a meeting held in a minority section of city to plan a strategy for spreading violence after the mosque was destroyed. However, he did not try to get information about the decisions made in that meeting.

The sources revealed that this plan to spread violence brought the Muslims who were wounded in the riots to public attention. The CIA had made plans to have the majority group commit violence in retaliation to the violent activities of the minority group. It has supplied weapons to both sides. It used communal organizations on both sides and anti-social elements for this purpose.

The widespread violence that the foreign powers had assumed would take place after the March bomb blasts did not take place. The sources said that additional violence did not occur because of the change in political

atmosphere after the change in leadership and the measures taken after the police received additional information about riots. The CIA and the ISI worked together to provide finance and weapons for bomb blasts. In addition to the Mafia members, young people suffering from riots were used for this purpose.

The home and foreign ministries needed to work together to apprehend the real criminals behind that 12 March bomb blasts. The investigation was not very successful because of the lack of cooperation. That disheartened the investigating officials. High-level officials have said that the local communal organizations interfere in their efforts to foil CIA and ISI plans. Whenever plans to take serious action against anti-social elements are made, the related communal organizations raise a lot of hue and cry against it.

After last year's major bomb blasts, there were nine smaller blasts in public places in Bombay in August and September. The goal of these blasts was to spread fear among the people. The Bombay police arrested a Pakistani citizen trying to place a bomb in the Ahmedabad Janata Express at Bombay Central station. This member of the Jamaatul Mujaheddin is a resident of Lahore. Several persons suspected to be Kashmiri terrorists were also arrested in Bombay.

According to police sources, the BJP was planning a demonstration outside the Vidya Bhavan on 12 July 1993. At that time, some Bajrang Dal members with Indian-made revolvers were arrested. These people had threatened the minority community store owners. A similar incident took place on 6 December 1993 when the All India Ulama-e Council had organized a strike. The police had expected communal hatred to erupt on both these occasions. One report recommended that the police should be fully prepared for every important religious holiday and minor confrontations.

Opposition in Lower House Laments West Blindly Aped

94AS0235E Madras THE HINDU in English 8 Mar 94
p 14

[Article: "Government Accused of Aping the West"]

[Text] New Delhi, March 7. Opposition members in the Lok Sabha today launched a blistering attack against the Government, accusing it of "blindly aping the west" and being "insensitive" to the pressing problems, including unemployment and poverty, confronting the nation.

Participating in the resumed debate on the motion of thanks on the President's address, Mr. Chandrajeet Yadav (JD) (Janata Dal) charged that by indiscriminately opening its doors to multinationals, the Congress Government had pushed the economy on the path of destruction.

He said this had also drastically affected the public sector and the cottage industry, with lakhs of people facing the gloomy prospects of unemployment.

The Janata Dal member said a "sense of uncertainty" prevailed throughout the country. The number of persons living below the poverty line had crossed 50 crores but little was being done to ameliorate their condition, he said.

'IMF Dictating Policies'

Mr. B.N. Reddy (CPI-M) (Communist Party of India-Marxist) attacked the Government for, what he called, bartering national interests, saying that the economic policy was being dictated by the IMF.

The (CPI-M) member wanted the Government to come out more firmly to tackle Pakistan's continued support and encouragement to terrorists in Jammu and Kashmir.

Mr. A. Charles (Cong-I) made a strong defence of the Government policies and said it was to the credit of the Prime Minister, Mr. Narasimha Rao, who had managed to retrieve the economy which was in bad shape when the Congress(I) took over the reins of power.

He complimented the Government for its handling of the Hazratbal crisis which, he said, had been praised both at home and abroad.

Mr. D.D. Khanoria (BJP) (Bharatiya Janata Party) made a strong plea for Central assistance to Himachal Pradesh to promote development.

'Credibility Restored'

Dr. Ravi Mallu (Congress-I), supporting the motion, said the Government, under the Prime Ministership of Mr. Narasimha Rao, had restored the international credibility of the country as well as the economy. He said the President's address covered the various achievements of the Government and outlined the priority area of action in the coming years.

Mr. Ramesh Chand Tomar (BJP), opposing the motion, described the President's address as "directionless" and said the Government should not go ahead with the implementation of the Dunkel proposals as they would severely affect the farm economics and farmers.

He also criticised the Mulayam Sing Government of Uttar Pradesh, which, he said, was following casteist policies.

Mr. Tomar also attacked the economic policies of the Government, saying that it would breed large scale unemployment.

'Strategies Needed'

Mr. Sharad Yadav (JD) said the Government should plan long term and short term strategies to meet the challenges facing the nation.

He spoke of economic and social inequalities and said that unless the nation was rid of poverty, communalism and casteism, it could not face the threat to its integrity and solidarity.

Mr. Yadav chided the Government for not responding adequately and immediately to the U.S. Government's provocative statements which had a bearing on the unity of the nation.

Mr. Haradhan Roy (CPI-M) criticised the Government's liberalisation policy and said this would totally eliminate the indigenous industry, whether in the public or private sector.

The status of India would be reduced to that of Hong Kong as the internal market would be flooded with foreign goods, he said.—PTI

Amanullah Khan Patches Up With Pakistani Government

94AS0232D Madras THE HINDU in English 8 Mar 94 p 13

[Article: "Amanullah Khan, Pakistan Government Patch Up"]

[Text] New Delhi, March 7. After prolonged confrontation, the Pakistani Government and the Jammu and Kashmir Liberation Front (JKLF) chief, Mr. Amanullah Khan, have patched up.

Though ideological differences over merger with Pakistan and "azadi" (freedom) remain, a tacit agreement has been arrived at between them on a policy of "non-interference."

Sources said Islamabad's role in getting Mr. Khan released in Belgium (he was arrested at the instance of India) helped in arriving at the understanding.

The absence of confrontation between the JKLF and the Pakistani Government in the early months of 1994, unlike in earlier years, is an expression of this compromise.

Relations between the JKLF and Islamabad had soured after Pakistan began providing material and moral support to groups such as the Hizbul Mujahideen and others which favour merger (of Kashmir) with Pakistan. After the "launch" of militancy by the JKLF, Pakistani intelligence found that the group had a mind of its own and would not budge from its pro-independence stance.

As a result, the JKLF was sidelined in the Kashmir valley, its supply of arms and ammunition was also cut off to the benefit of pro-Pakistani outfits which followed the "line" of the Inter-Services Intelligence (ISI) of Pakistan.

The JKLF then adopted an increasingly confrontationist attitude towards Islamabad. This was reflected in numerous marches to the Line of Actual Control (LAC).

The killing of JKLF cadre by Pakistani security forces resulted in a hardening of its approach towards Islamabad. In fact, at one time Mr. Javed Ahmed Mir, acting chief of the JKLF in the valley, had announced that a joint struggle for independence would have to be waged against both New Delhi and Islamabad.

The JKLF-Pakistani equation, punctuated with accusatory statements, has been relatively quiet this year, the sources say.

With most of the "actions" against the security forces in the Kashmir Valley being carried out by groups such as the Hizbul Mujahideen, the Harkat-ul-Mujahideen and the Al Barq, the striking capabilities of the JKLF have been badly affected.

On the other hand, Pakistani intelligence agencies are aware that the Kashmiri sentiment is still, by and large, with the pro-independence JKLF and not with the groups propped up by it. It is these realities, the sources said, that have made the JKLF and the Pakistani Government aware of the mutual benefits of having a non-confrontationist relationship.

President Sharma Emphasizes Kashmir's Inseparability

94AS0232A Madras *THE HINDU (International Edition)* in English 5 Mar 94 p 9

[Article by K.K. Katyal: "India Will Foil Any Destabilisation Bid"]

[Text] New Delhi, Feb. 21. While giving an optimistic account of the gains of the recent past in economic and political areas, the President, Dr. S.D. Sharma, today, noted with concern Pakistan's activities and their fall-out in the bilateral field. Pakistan's support to terrorism and subversion in Jammu and Kashmir and its anti-India activities world-wide had hampered seriously efforts at normalising relations, he said.

In his address to the members of the two Houses of Parliament, marking the beginning of the Budget session, Dr. Sharma recalled the Prime Minister's offer of dialogue to Pakistan, aimed at establishing good-neighbourly relations in terms of the Shimla Agreement. Bilateral talks had since taken place, he said, but the stridency of Pakistan's anti-India statements had grown,—with its adverse consequences. He wanted Pakistan to give up its negative approach and reciprocate India's desire for normalising ties.

The President, obviously, had in mind Pakistan's anti-India move at the U.N. Human Rights Commission in Geneva as part of its efforts to internationalise the Kashmir issue, affecting adversely the process of dialogue.

In a ringing categorical tone, the President observed: "Jammu and Kashmir is an inalienable part of India and we shall foil any attempt to destabilise it either from across the border or from any other quarter." This was

not the first time that such a statement emanated from the top, but it had a special meaning now—as a message to Pakistan in the midst of its stepped-up campaign to annex the State through devious, dishonest means, based on the human rights cry.

Dealing with firm steps by police and security forces to counter terrorism in Jammu and Kashmir, Dr. Sharma said "every effort is made to see that the maximum restraint is exercised on the use of force. Whenever there has been any incident suggesting excessive use of force, an inquiry has been promptly instituted and action taken." This was meant for those accusing India of human rights violations.

External relations accounted for a small portion of the President's address, but were the subject of sharp, specific, significant formulations. The reference to India's relations with the U.S., for instance, stressed the positive and not the negative which, as we know, had led to strains. Dealing with interaction with the U.S. in several areas, ranging from education and science and technology to culture and sports, and cooperation on the issue of a comprehensive test ban treaty, he said: "The response from the United States to our economic liberalisation policies had been very positive and the U.S. investments in India in the last two years were very substantial. We look forward to working with the United States towards mutual understanding, including on those issues on which such understanding needs enhancement. This will reflect the vibrant democratic and secular ideals of our two countries."

Then there was satisfaction over the course of relationship with China—with particular reference to efforts for peace and tranquillity along the border—with Russia—"despite certain difficulties, cooperation in political, economic, commercial and other areas was sought to be promoted by both sides"—the new era of cooperation with ASEAN, increased economic interaction with the Gulf countries and the European Union.

As regards the domestic scene, Dr. Sharma referred to steady progress on all fronts as evidenced by the improved law and order situation, a record foodgrain output, containment of the rate of inflation at a single digit level, comfortable foreign exchange reserves, reduction in the trade gap, buoyancy in exports, improved performance in essential areas of the infrastructural sector, and increased inflow of foreign investment. All these had symbolised and justified "this emerging optimism.... We have regained our elan internally and our confidence globally." The gains of last year in Punjab had been consolidated, he said.

As regards the Ayodhya issue, the President contrasted the situation at the beginning of last year with that obtaining now. "There was a great deal of concern over the possible fall-out of the demolition and the riots that followed. The grim predictions that were being made

have proved wrong. The atmosphere has improved considerably and we can hope for a lasting solution to the dispute." The Government, according to him, "would take appropriate measures in the light of the opinion of the Supreme Court."

Dealing with economic reforms, the President referred to the momentum gained since 1991. Still much more needed to be done, he noted, adding: "The reform is an irreversible and continuous process and needs to be implemented with determination and foresight, keeping the responses and circumstances in the country constantly in view. We shall hasten with care."

Parliamentary Consensus on Kashmir Lauded

94AS0233E Madras *THE HINDU* (International Edition)
in English 5 Mar 94 p 8

[Article: "A Historic Resolution"]

[Text] History was written into the proceedings of Parliament when the two Houses unanimously passed a resolution reiterating the people's resolve to resist any attempts to separate Jammu and Kashmir from the rest of the country and condemning strongly the continued abetment and encouragement Pakistan was extending to subversive and terrorist activities in the State. In a rare exhibition of unanimity, members of Parliament belonging to various parties and groups had unequivocally and in the strongest terms told Pakistan that any attempt from any quarter to interfere in the internal affairs of India would be met resolutely. Coming at a time when Pakistan is trying to internationalise the Kashmir issue knowing full well that it was violating the Shimla agreement both in word and spirit and resolution adopted by Parliament should convince the outside world that Pakistan's anti-India campaign was going to achieve little.

The resolution also highlights the fact that sophisticated weapons were being supplied by Pakistan to the militants in Jammu and Kashmir and the main objective of the resolution was to expose this before the world. Pakistan must now understand that everyone in India knows for certain that it is the unconcealed sponsor of the armed struggle in Kashmir and all its efforts to grab the State by providing material help to the insurgents occasionally covering up its tracks if only to mislead the international community when it comes close to questioning the extent of involvement will come to nought. A few thousand mercenaries let loose by Pakistan can no doubt create havoc but to think that they can pin down a large Army and a determined people who are prepared to resist efforts to destabilise the State is nothing but foolish. Unfortunately the pro-Pakistani fighters have extended their area of operations to newer districts of Jammu and the administration which is engaged in tackling them has already registered some notable successes.

While the rise in the armed capabilities of the more extreme groups is essentially due to the lavish Pakistani

sponsorship, Islamabad is never tired of talking about the violation of human rights in the sensitive State in order to divert the attention of the world community from reality. The Armed Forces and the paramilitary outfits dealing with an unrelenting enemy which is responsible for swelling the ranks of the fanatical militants have been showing tremendous restraint even if there have been occasional aberrations but to say there has been a largescale violation of human rights in the Indian State of Jammu and Kashmir is a travesty of truth. That much was proved during the recent visit to the State of four European envoys who reported that militancy was getting support from across the border. India must also resort to an effective campaign against Pakistan which is indulging in an intensive diplomatic offensive coupled with the instigation of more violence in the Valley with the sole objective of bringing the Kashmir situation back to the world's attention. Of course, Pakistan's domestic compulsions are also involved in its efforts to whip up anti-Indian feelings. Some of the revelations made by repentant militants about being ill-treated in Pakistani training camps must have opened the eyes of those who took to arms in a fit of misguided zeal. Now that the national consensus on Kashmir is very clear it should be obvious to Pakistan that it is well nigh impossible to even seek to dictate the agenda by remote control. It is now for New Delhi to evolve a game plan on Kashmir that enables it to win the battle for the hearts and minds of the people and brings into being a truly democratic structure to replace what looks like an embittered and traumatised security apparatus.

Abdullah: Kashmir Should Become Bridge of Friendship

94AS0232C Madras *THE HINDU* in English 8 Mar 94
p 13

[Excerpt From Article by P.S. Suryanarayana: "Pakistan Move Puts Kashmiris on Centre stage"]

[Excerpt] Dr. Farooq Abdullah, on the other hand, emphasised the critical relevance of a tranquil Jammu and Kashmir to Indo-Pakistan relations and to the secular traditions of India.

In an interview in Geneva to a Pakistani newspaper, *THE NATION*, Dr. Abdullah said: "Kashmir should be the bridge of friendship between India and Pakistan, not a battleground for their destruction."

Asked if the Kashmiris should be held "hostage" to the cause of the Indian Muslims, he said: "When Pakistan was made, did you think about the Indian Muslims or as to the tragedies that might befall them? No. You just took a chunk of India thinking 'well, we have got our homeland, let these people go to hell or wherever they have to go. We are not bothered about them.' ... 'I think I would not like to see the blood of 200 million people on my hands.'"

On whether the future of Indian Muslims would depend on what might happen in Kashmir, Dr. Abdullah said: "The very fact of secular India depends on the crown of India which is Kashmir. The strongest pillar of that (Indian secularism) is Kashmir, whether you like it or whether I like it. It is there and that is what is going to maintain the secular character of India."

As for the political future of Jammu and Kashmir, Dr. Abdullah said the existing Line of Actual Control (LAC) should be "made into an international boundary," with both India and Pakistan retaining the portions now under their respective control. He also wanted Pakistan to give to the people of Jammu and Kashmir on its side the same rights that "India is going to give to this part." "That way," according to him, "neither Pakistan will feel defeated nor India." He also expressed readiness to talk to the Kashmiri leaders on the Pakistani side within this framework of ideas. Dr. Abdullah did not wish to make any distinction between Kashmiri Muslims and the Hindus and other religious groups of the State.

He also spoke of the "training" given by Pakistan to the Kashmiri youth and of "a number of instances where (the Indian) security forces have lost their control and cool" in dealing with the "terrorists." He did not want the northern territory to be excluded from any settlement of the Indo-Pakistan "territorial dispute" over Kashmir.

Sharad Pawar Interviewed on Political Future

94AS0235N Madras THE HINDU in English 8 Mar 94 p 17

[Excerpts of Sharad Pawar Interview by Mahesh Vijapurkar: "Ready To Work for Party: Pawar"]

[Text] Bombay, March 7. The Maharashtra Chief Minister, Mr. Sharad Pawar, has stressed the need for the Congress to dispel the impression that it was only chasing after power. Congressmen should work hard to regain the confidence of the people. "The time has come for the party functionaries to volunteer for organisational work." "I will be the happiest person to take up any responsibility," he said in an interview to THE HINDU excerpts from which [as published] been published yesterday. The following are more questions and answers.

Q: You were once credited with the idea that those in Government give up power.....

No, I am not speaking of another Kamaraj Plan. I had definitely suggested that our position has reached such a state in some areas that unless we work very hard, we will not be able to enthuse the party workers and regain the confidence of the public. We should make the people realise that we are serious. There is an impression that we are here only for the sake of power. We have to act to prove that power is only one important instrument to deliver the goods and there are Congressmen who are not chasing power but wish to give a stable government, stability to the country and a proper direction to the

Government. If the Congress is weakened, the nation will be weakened. If there is no strong Government in Delhi, the country's economy would be hurt.

Without a proper environment, its health would deteriorate, affecting the common man. It is the party's moral duty to keep this country together, keep a stable government at the national and State levels and see that the economic health improves. If this has to be achieved I think the time has come for many important party functionaries to forget other things, including power for some time and concentrate on the party by volunteering themselves for organisational work. I will be the happiest person to take up any responsibility like this.

Q: Will persons come forward?

There are many who are ready to work, are in a position to deliver the goods. If this kind of suggestion comes from the party leadership, I think there are many leaders who will respond.

Q: The economic reforms are in place. You have listed the problems, you have suggested what attitude is required. What is the specific programme to deliver the goods?

If the Congress were to discuss and decide some definite programme...but how? To rebuild, go to the masses. There should be more mass contact. Go and listen to the hostile people. Have to go into details to understand why the hostility.

Q: In effect, is it like having to almost start a new party?

Yes, in some areas, it is like that. In the Hindi belt we have to work like that.

Q: You once floated the idea of wider consultations to get the party back to its healthy bounce. What happened to that?

It was discussed and decided that there should be a broader meeting, beyond an extended CWC [Congress Working Committee], of 100 to 200 people from all over the country for a Narora-type session, to assess the situation and finalise the programme. Our colleagues in CWC are thinking on those lines. These kind of camps could give a definite direction. Then the question would arise: who will execute the task? Then the question will be about who will give time and not expect anything in return? I think a lot of people will respond within the Congress party.

Collective Action

Q: A lot of people will have to respond since the party is not the same as it was in its earlier phases, not specifically controlled by an individual...

The situation is definitely changing. No individual can do all this. There has to be collective action. There has to be a team and there has to be a leadership like that of Narasimha Rao, who has to give direction to the team.

Q: The solution lies in collective action emerging under the direction of the party president?

That is right.

Q: Has it been missing for some time, maybe one or two years?

I don't say missing, but we are not going on those lines. That thinking is there, that feeling is there but no action on those lines.

Q: This lack of action cannot be the character of the Congress, which normally sets much store by its own survival regardless of...

You see, though Congressmen are generally inclined to work, unfortunately, this time what has happened is that the traditional bases of the party have been wiped out...the minorities, SCs [Scheduled Castes], STs [Scheduled Tribes], backward classes, the middle classes, the brahmins in UP [Uttar Pradesh]. They have deserted us. And we are not ready to pay a serious thought why they have deserted. Karunakaran and Janardhan Reddy Committees have given their report. I read it in the newspapers but have no official copy. I think we have to go into details, repair things, because there is no choice.

Q: Do you agree with the tone and content of the report?

I have not read it. The tone of the newspapers is motivated. Just to write against me. It is the tone of the person who briefed. His tone was perceptible in the reports. Some of the members of the committee have said we have not discussed this. We discussed poll outcome with 700 persons....It is not important. Except for one or two persons who may have said something. It is not important, there may be some sentences here and there. They said it was not the committee's contention. Some of the members have told me that.

Q: The time and effort needed to build the party in time for the polls would be....?

We are not in a position to wait for years. We have to act immediately since we have to face the Lok Sabha elections in 1996 and get people's support. That is an immediate task. The other side is to rebuild the organisation at various levels. It may take two, three years, maybe even five years.

Q: When the bottomline has to evolve, some major decisions would have to be taken. Do you think CWC will rise to the occasion?

It has to. It is the question of next two, three weeks. Major decisions on organisation have to be taken. What is happening today is that when Narasimha Rao and Manmohan Singh are taking decisions and there is some acceptance, though it has led—some rise in prices—people are suffering they also feel this is a proper direction. But this is what the Government is doing. That is not enough. I have seen in China, where communism has been continuously propagated in the past,

that the whole nation is talking about economic reforms, and that is because the party has taken up that challenge. It has created that atmosphere. Take any person, landless labour, factory worker or a jawan of the PLA [People's Liberation Army], everybody discusses restructuring of economy. Because the party has taken the job on hand. Here the Government has done everything and as Congressmen we could not create that kind of favourable atmosphere for the reforms and there is a gap. Who has read Dunkel carefully? Are we to isolate ourselves from the global community? In national interest we have to sit with others in a shrinking world, everyone coming together. We cannot escape from the changes. There is no deliberate gap but there is no effort. We are the people who are responsible for it. All leaders at all levels. We have to go to the people and explain to them. If we talk, people respond, they are happy with the changes. People have to take the party president more seriously.

Manmohan Singh Blamed for Plight of Small Businesses

94P50117A Madras DINAMANI in Tamil 15 Mar 94 p 2

[Editorial: "Small May Be Dispensed With"]

[Text] Finance Minister Manmohan Singh has kept his word! He had promised to continue "the process of lowering (excise) rates when they become unduly high"; it appears prominently on the budget giveaways that had accounted for a respectable Rs. 2000 [rupees] crore. What was overlooked was the fine print that the budget has reduced "the number of special exemption notifications by about half." It now appears that most of the 383 notifications rescinding exemptions relate to small-scale units. Manmohan Singh had stressed, at least twice that the budget was going all out to fulfil "major" and "persistent" demands of small-scale industry. This assurance seems to have gone by the wayside. He has little time for the problems of the unglamorous common man.

The duty payable by small units producing steel utensils, rubber chappals [sandals], canvas shoes, or paper boards from bagasse goes up from nil to 15 percent ad valorem. That the net tax is covered by a special plan called Modavat is no consolation. The small producers have to coax suppliers of inputs to issue receipts, a difficult task in a climate of rampant sales-tax evasion. Duty discounts will not be easy to claim. In truth, often nonpayment of sales tax on inputs is what becomes the survival margin of small producers. Maintaining books of accounts to the satisfaction of excise inspectors with itchy palms, can be costly, if not cumbersome. Under the exemption regime, it is also superfluous.

There is a puzzling contrariness in the new excise strategy. Excise has been raised from 15 percent in 1993-94 to a stiff 20 percent on small-scale registered production while the unregistered units with a clearance

value of up to Rs. 7,500,000 have been excused, thus encouraging benami [illegal] whales in the business to acquire their ownership.

Communist Party Pledges To Check Defections

94AS0235J Madras THE HINDU in English 8 Mar 94
p 16

[Article: "CPI Meet To Check Further Defections"]

[Text] Lucknow, March 7. The Communist Party of India [CPI], shocked by the defection of two of its four legislators in Uttar Pradesh on Friday last, has initiated a new political exercise to protect the party from any further damage. Last week's developments were indicative of the uneasiness prevailing in Communist circles for quite some time over their political alliance in U.P. [Uttar Pradesh]. While the national party leadership sided with the Janata Dal in the last elections the state CPI leaders felt a better choice would have been the Samajwadi Party of Mr. Mulayam Singh Yadav, who had shown "greater stamina to fight the fascist forces represented by the BJP (Bharatiya Janata Party)." The party State executive which is meeting here on Wednesday to take a fresh look at the latest developments is likely to discuss the issue in detail.

Some senior CPI leaders have even questioned the bonafides of the Janata Dal leader, Mr. V.P. Singh, as a person wedded to the ideal of secularism. It was Mr. Singh himself who had allowed the BJP president, Mr. Lal Krishna Advani, to take out his 'Rathayatra' in 1989 that ultimately resulted in spreading communalism to a number of States. As against this Mr. Mulayam Singh Yadav had stood firm and ordered firing on 'kar sewaks' when they tried to storm the disputed structure at Ayodhya on October 31 and November 2, 1989.

The State unit of the party is expected to drive home its point more effectively on this political question and also to convince the national leadership of the efficacy of their line.

However, the recent organisational demoralisation in the CPI does not seem to be influenced by ideological factors. The emergence of the Samajwadi Party-Bahujan Samaj Party combine in the last elections, mainly because of voting patterns influenced by caste lines, unnerved even hardened workers as caste loyalty proved stronger than ideological considerations. Extending support to the Samajwadi Party may thus become crucial for the CPI, otherwise its influence might be further eroded in pockets where it had succeeded in making some base during the past several decades.

The veteran Communist leader, Dr. Z.A. Ahmed, has meanwhile denied that he had resigned from the CPI and joined the Samajwadi Party. His name was among the five U.P. CPI leaders mentioned in a press release distributed by Mr. Mitrasen Yadav, MLA [member of Legislative Assembly], which informed that they had deserted the communist organisation. Dr. Ahmed has,

however, added that Mr. Mulayam Singh Yadav, was the best person to lead the fight against fascist forces in U.P. He pleaded for a broader base of secular forces to continue this fight against fascism.

The CPI MLA, Mr. Udai, said the decisions taken by Mr. Mitrasen Yadav and Mr. Ramchandra Bux Singh to resign from the CPI and join the Samajwadi Party were their individual decisions and these would not affect the affairs in the organisations. Desertions by the two legislators were their individual attempts for adjustments with power and had no ideological basis, he added.

Mulayam Keeps Cool Despite Provocation in Bihar

94AS0235O Madras THE HINDU in English 8 Mar 94
p 17

[Article: "Mulayam Keeps Cool Despite Provocation"; all quotation marks as published]

[Text] Patna, March 7. What impressed the people most about the Uttar Pradesh Chief Minister, Mr. Mulayam Singh Yadav, during his two-day visit here, apart from his simplicity and unassuming manners, was that he scrupulously refrained from attacking any political party or leader.

The gesture was, however, not reciprocated by his Bihar counterpart, Mr. Lallu Prasad Yadav, and his colleagues, none of whom, barring the dissident Cooperative Minister, Mr. Ramdeo Singh Yadav, showed the usual courtesy of receiving the visiting Chief Minister as they did when the West Bengal Chief Minister, Mr. Jyoti Basu, came here recently.

As though this was not enough, a procession of so-called Dalits, organised obviously at the behest of the establishment, held up the Uttar Pradesh Chief Minister's motorcade. Also, derogatory slogans were raised against the former Chief Minister and Scheduled Caste leader, Mr. Ram Sundar Das, whose Loktantrik Samajwadi Party merged on Sunday with the Samajwadi party.

Mr. Mulayam Singh Yadav, on his part, showed restraint and political finesse. When, at a dinner meeting at the residence of Mr. Kapildeo Singh, national general secretary of the Samajwadi party, Mr. Ramdeo Singh Yadav presented a list of 57 ruling Janata Dal MLAs (Members of Legislative Assembly), including 28 Ministers, who, he claimed, were ready to break away from the party, the Uttar Pradesh Chief Minister counselled patience. 'Let us wait for the opportune moment and devote our energies to strengthening the Samajwadi party.'

That Mr. Ram Sundar Das has assumed a key role in the political calculations of the Uttar Pradesh Chief Minister, so far as Bihar is concerned, and that gate crashers with dubious antecedents such as Mr. Pappu Yadav, MLA, detained once under the Crime Control Act,

would find no place in the party, were clear from the tone and tenor of Mr. Mulayam Singh Yadav's utterances at the merger meeting.

The Uttar Pradesh Chief Minister, according to sources close to him, was annoyed at slogans—'Pappu-Mulayam zindabad and Bihar needs a leader like Pappu'—raised at a civic reception according to him, albeit out of courtesy he did go to Mr. Pappu Yadav's residence to wish him and his bride a happy married life.

Tourism Minister Announces Removal of Hurdles

94AS0235K Madras *THE HINDU in English* 8 Mar 94
p 16

[Article: "Hurdles to Tourism Industry Removed"]

[Text] New Delhi, March 7. The Tourism Minister, Mr. Ghulam Nabi Azad, has assured the international tourism industry that the Government had removed the major irritants hindering the growth of tourism.

Speaking at an 'India Evening' at International Tourismus Borse (International Tourism Exchange Fair) Berlin last evening, Mr. Azad said that investors were looking towards India with a renewed interest. This had led to the clearing of projects involving an investment of \$220 millions during last one year. He hoped that during the fair more deals would materialise with the representatives from the tourism trade of the developed countries getting to know more about Indian destinations.

He talked about efforts being made to improve tourist facilities and augment the number of hotel rooms. The air services had been improved and private airlines and air taxis allowed to operate. The Air Corporation Act had been repealed for a faster growth and to make more tourist destinations accessible by air.

Chandra Shekhar Fears GATT Means Loss of Sovereignty

94AS0235L Madras *THE HINDU in English* 8 Mar 94
p 16

[Article: "Chandra Shekhar Sees Threat From GATT"]

[Text] New Delhi, March 7. The former Prime Minister and Samajwadi Janata Party leader, Mr. Chandra Shekhar, today reiterated his opposition to the new economic policies and threatened to launch a campaign against the new GATT (General Agreement on Tariffs and Trade) regulations throughout the country. To begin with, the party will hold a rally in the Capital on March 18, the concluding day of the Budget session of Parliament.

Addressing a press conference here today, Mr. Chandra Shekhar said the Government's acceptance in principle of the new GATT regulation was a logical culmination of the policy of liberalisation initiated in the early Eighties. Dismissing the contention by senior Ministers that the Government's representatives in the Uruguay Round

had done their best, Mr. Chandra Shekhar said the new regulations would "jeopardise the nation's sovereignty and integrity."

Seeking to draw parallels with the experience of the former Soviet Union, Mr. Chandra Shekhar said the pressures from the industrialised West could even lead to the "disintegration of the country."

"Nowhere has the surrender of sovereignty been so total and the sacrifice of national interest so brazen as in the case of the Government agreeing to the Dunkel Draft."

Stressing the need for popular resistance to the Government, Mr. Chandra Shekhar said that while he welcomed all shades of political opinion in the resistance movement, he wanted the BJP (Bharatiya Janata Party) to be kept away. "Their swadeshi slogan now and their total support to the new economic policies when it was announced in Parliament do not get along with each other," he added.

Referring to the Janata Dal, the former Prime Minister sought to blame the V.P. Singh camp for having rejected his appeal for unity of the Dals. Asked whether he would participate in the 'gherao of Parliament' proposed by the Janata Dal, the former Prime Minister answered in the negative.

Mr. Chandra Shekhar made it plain today that since the Janata Dal had rejected the Ghaziabad unity proposal of the various Dal factions, he was left with the only option of reviving his Samajwadi Janata Party.

Opposition Vehemently Opposes GATT Signing

94AS0235A Madras *THE HINDU in English* 8 Mar 94
p 14

[Article: "Proposal To Sign GATT Opposed"]

[Text] New Delhi, March 7. Opposition members in the Rajya Sabha today vociferously opposed the Government's proposal to sign the GATT (General Agreement on Tariffs and Trade) and urged it to be cautious of the U.S. designs to intimidate through Super 301 developing countries like India for their refusal to toe the American line.

Raising the issue during zero hour, Mr. Gurudas Das Gupta (CPI) (Communist Party of India) referred to reports of U.S. arm twisting with Japan to set right its huge trade imbalance and wondered if Japan could be meted out such treatment, would a country like India be spared. Accusing the Government of maintaining a studied silence on such a serious issue, Mr. Gupta urged it to give a statement on the present position.

Be Alert, Government Urged

The issue was widely supported by all Opposition members who wanted the Union Government to be alert against any move by America to invoke the Super 301 Trade Act. Mr. Gupta wanted to know the sanctity of the

Dunkel draft if the U.S. was allowed to indulge in arm-twisting and asked why India was rushing to sign the GATT.

Mr. Das Gupta said Japan was one of the U.S.'s biggest trade partners and the U.S. could take retaliatory action after identifying what constituted unfair trade practice, although it could not impose any trade sanctions under the provisions of Super 301.

Debate Sought

Mr. I.K. Gujral (JD) (Janata Dal) demanded the scrapping of Super 301 and said the U.S. stand was nothing short of "economic bullying." He pleaded for an exhaustive debate on the GATT proposals before India became a signatory to the Treaty.

Dr. Murli Manohar Joshi (BJP) (Bharatiya Janata Party) deplored the U.S. attitude of imposing economic sanctions against Japan. "If India is not careful, the U.S. will corner us on Kashmir or force us to sign the NPT (Nonproliferation Treaty) and even dictate our missile technology programme," he said.

Dr. Ashok Mitra (CPM) (Communist Party of India-Marxist) and Mr. Kamal Morarka (SJP) demanded an explanation from the Commerce Minister as a response to the concern of the House and demanded that India should not compromise its sovereignty.

Using Super 301 as Weapon

Mr. Jagesh Desai (Cong-I) said that because of India's firm position on issues like Kashmir, the U.S. could be tempted to use Super 301 as a weapon and India should be on the guard. He maintained that the U.S. could be using Super 301 against Japan in view of the huge trade deficit.

In response to persistent demand from members for a statement on the issue, the Minister of State for Parliamentary Affairs, Dr. Abrar Ahmed, told the House that a special discussion on GATT was scheduled on March 9 and 10.

Limited Role for Foreigners in Private Banks Planned

94AS0235B Madras THE HINDU in English 8 Mar 94 p 14

[Article: "Limited Role for Foreigners in Private Banks"]

[Text] New Delhi, March 7. The Government today assured the Rajya Sabha that foreigners will not be allowed to control the private banks that are proposed to be set up in the country.

Replying to the brief debate on the Banking Regulation (amendment) Bill, 1994, which the House approved after a division, the Minister of State for Finance, Dr. Abrar Ahmed, said that under the guidelines of the Reserve

Bank of India the proposed private banks could not hold more than 20 per cent of the capital. Non-Resident Indians could have 40 per cent of the total capital, he said.

The Minister said the provision of appointing part time chairmen for the proposed banks would be confined to the private banks and the nationalised banks did not come under its purview.

He said the loss-making bank branches operating in the rural areas would not be closed down.

"The Reserve Bank had so far permitted nine banks to be established in the private sector and one of them had been issued a licence.

Adequate measures had been taken to ensure safety of the deposits in such banks," he said.

BJP [Bharatiya Janata Party] Abstains

The Rajya Sabha passed the Bill 1994 by 61 to 26 votes in an Opposition-pressed division in which, however, the Bharatiya Janata Party did not participate.

The BJP members, during the discussion on the Bill, opposed several provisions in it and also the ordinance promulgated in this connection before the budget session of Parliament began.

Earlier, the House rejected by voice vote the statutory resolution moved by Mr. Viren Saha (BJP) and others for the disapproval of the January 31 ordinance.

The Bill also replaces the ordinance.

'Provisions Will Not Be Misused'

Dr. Abrar Ahmed assured the House that the provision for appointment of a part-time chairman in the private banks would not be misused.

He said the Government in no way would be involved in the process as these appointments would be made by the private banks themselves. However, he said, these appointments would be ratified by the Reserve Bank of India.

Referring to steps being taken to improve the banking system, the Minister said the Government had taken measures to strengthen the capital adequacy norms of the banks.

Computerisation

Referring to the need for improving the quality of services rendered by the nationalised banks, the Minister said the Government was committed to computerisation of the banking operation, which would help in improving the efficiency of the banks.

In this context, he said the Government was in constant touch with the union representatives for implementing the computerisation programmes.

Regarding the closure of loss-making branches of nationalised banks, Dr. Ahmed said that as many as 102 branches had been identified by the RBI (Reserve Bank of India) for closure.

However, he assured the members that none of these identified branches in rural areas would be closed and no bank employee would be retrenched.

Opposition Charge

Earlier, participating in the discussion, the Opposition members charged the Government with bringing the privatisation in the banking sector under the "alibi" of inefficiency in the public sector banks and at the behest of the International Monetary Fund.

Members from Left parties, the Janata Dal and the BJP expressed apprehension that the reforms in the banking sector would only benefit the rich and would entirely ignore the poor population in both rural and urban areas.

The members also severely criticised the Government for its frequent resort to issuing ordinance, bypassing Parliament.

Mr. Viren Shah of the BJP questioned the hurry for the ordinance when Parliament was to meet in three weeks' time. He moved the statutory resolution disapproving of the ordinance.

Ordinance Questioned

Dr. Ashok Mitra (CPI-M) (Communist Party of India-Marxist), said the Narasimham committee report was out in December 1991 and the Government waited for two years to take action on the report. He said he was unable to fathom the 'sudden rush' to issue the ordinance as if without it the whole banking operations would have come to a standstill.

Were any of the provisions in the ordinance implemented till now? he asked and said that according to him nothing had been done till today.

Describing the Narasimham committee as the "local surrogate of the IMF," Dr. Mitra said the amendment of the Bill was being done at the behest of the international financial institutions.

Foreign Investors Offered Preferential Shares

94AS0233B Madras THE HINDU (International Edition)
in English 5 Mar 94 p 14

[Article by Leo: "Spate of Preferential Offers and Euro Issues"]

[Text] The rush is now for raising resources through the issue of equity shares at a premium under preferential offers to foreign institutional investors. Euro issues also have become popular and an amount of \$1 billion has already been raised and another \$1.5 billions can be secured in the coming months if all the contemplated

issues fructify. Preferential offers have lately been more popular as it is easy to conclude arrangements for private placements after getting the approval of the shareholders. On the basis of existing guidelines, the highest quotation for the related equity shares in a period of six months prior to the date of decision to make the preferential offer will be the price for the equity shares involved. Vast resources are thus being mobilised in a manner which could not have been visualised even in the middle of last year.

As already stated, one can have a stake up to 24 per cent in the enlarged equity capital through preferential offers and holdings already secured through purchases from the open market or otherwise will have to be taken into account for this purpose. Since the allocations to different institutions give rise to problems, efforts are being made to sort out them. However, it is being examined by the monetary authorities whether it is desirable to have a big increase in the stake of foreign interests in equity capital of Indian enterprises when there is no need for incurring heavy capital expenditure on ongoing and new schemes. Also, the allotment of equity shares against preferential offers in Indian currency will create an obligation for the country to find the required forex [foreign exchange] resources if at a later date the proceeds from sale of equity shares now being allotted have to be repatriated by FIs [NRIs—nonresident Indians]. There will, of course, be a drain of forex resources only if sales exceeded fresh purchases.

RBI [Reserve Bank of India] Examining Impact of Recent Developments

In the case of Euro issues, however, there will be an initial inflow of forex resources directly. (Even in respect of preferential offers to FIs there would have been an earlier inflow of foreign exchange though recycling may not result in an immediate inflow of forex resources). Here again considerably larger amounts on foreign exchange will have to be found if equity shares so allotted appreciated substantially over a period and sales by foreign investors or FIs exceed current purchases. Various aspects will, therefore, have to be carefully examined for determining the balance of advantage accruing to the economy. However, the enterprises gathering additional resources in this way stand to gain considerably and it is now being discussed in market circles to what extent there will be an increase in the net profit, before depreciation and taxation, as a result of a lower burden of interest charges even without any change in the gross profit, before depreciation and interest charges.

SPIC to Issue Euro Convertible Bonds

Southern Petrochemical Industries Corporation (SPIC) is again seeking to raise \$80 millions this time through Euro convertible bonds for taking advantage of the opportunity for repaying loans in foreign currencies on costlier terms taken for acquiring ships for handling liquid chemicals. It is also intended to utilise a portion

for investment in an urea plant in West Asia and on new projects that may be promoted for producing polyester filament yarn and purified terephthalic acid within the country. The financing of the ongoing schemes can be easily attempted as it is now expected that the drug project in Cuddalore will be commencing production of G. Penicillin towards the close of this year. The modernisation of the ammonia plant and related assets is also making satisfactory progress.

Novel Features and Options

The Euro convertible bonds that may be issued can be on attractive terms for the management if it is eventually decided to allot equity shares against these bonds at a high premium later at the option of the management. The lenders also can elect to get allotted equity shares within a stipulated period. In that event, the equity capital will get again enlarged and foreign ownership may rise to 48 per cent eventually if all the holders of Euro convertible bonds exercise their option to secure equity shares. The rise in percentage may be less pronounced if a much higher premium is realised.

It has been explained by Mr. A.C. Muthiah, Vice Chairman and President, that the total resources for nearly \$155 millions will be improving considerably the financial position of the company and bringing about a considerable reduction in the burden of interest charges. The issue of GDRs [expansion not given] for \$74.75 millions equivalent to Rs. 235 crores was made at a time when the quotations for equity shares were much lower than they are now. There was thus an increase in the equity capital by Rs. 33.52 crores to Rs. 88.04 crores from Rs. 54.52 crores. The premium realised on "allotment" of equity shares was Rs. 200.97 crores.

Earlier, the paid up capital had increased to Rs. 54.52 crores from Rs. 34 crores as a result of allotment of equity shares against zero bonds. The premium realised was Rs. 27.04 crores. Total reserves, including share premium and excluding revaluation reserve, are now Rs. 360.04 crores. Euro-convertible bonds will result in a further increase in equity capital and the stake of the promoters in enlarged equity capital will tend to decline.

New Projects on Anvil

In order to retain the existing percentage in the enlarged equity capital, it is proposed to issue warrants to the promoters for enabling them to get 23 million equity shares at a premium, which may be determined on the basis of SEBI [Securities and Exchange Board of India] guidelines. These warrants may be encashed by the promoter group in the light of holders of Euro convertible bonds exercising their option to get allotted equity shares or the directors taking advantage of the opportunity for minimising addition to equity capital in the event of conversion with the realisation of a higher

premium. The details relating to terms of the issue will be known after the negotiations are completed.

Plans To Restructure Insurance Sector Criticized

94AS0235D Madras THE HINDU in English 8 Mar 94 p 14

[Article: "Manmohan's Statement Criticised"]

[Text] New Delhi, March 7. Opposition members in the Rajya Sabha, particularly the Janata Dal and the CPI (Communist Party of India) today objected to the Finance Minister, Dr. Manmohan Singh, making a statement in Patiala about the acceptance of the recommendations of the Malhotra Committee, which went into the issue of restructuring the insurance sector.

Raising the matter during zero hour, Mr. Jaipal Reddy, JD (Janata Dal), said the Finance Minister had said in the course of his budget speech that the Malhotra Committee recommendations were under the active consideration of the Government.

When Parliament was in session, the Finance Minister had announced in Patiala that most of the committee's recommendations had been accepted.

Saying that the Finance Minister should have informed Parliament first, Mr. Reddy said he had committed contempt of Parliament.

Mr. Reddy was strongly supported by Mr. M.A. Baby, CPI(M), who said the Minister should not have made the statement outside Parliament.—PTI

Indigenous Newsprint Industry Distress Pointed Out

94AS0235F Madras THE HINDU in English 8 Mar 94 p 14

[Article: "Indigenous Newsprint Industry Facing Crisis"]

[Text] New Delhi, March 7. The Janata Dal member, Mr. Sharad Yadav, today drew the attention of the Government in the Lok Sabha to the crisis caused in the indigenous newsprint industry because of the relaxation in excise duty on foreign newsprint.

Raising the issue during zero hour, Mr. Yadav said India needed 5.5 lakh tonnes of newsprint and it was met by indigenous production. Only one lakh tonnes was required from abroad. Because of excise duty cuts, about three lakh tonnes of newsprint had been imported and that had resulted in stockpiling of 40,000 tonnes.

Mr. Yadav said that while Rs. 450 crores worth of foreign exchange was being spent the inflow had caused distress among the indigenous mills.

Lapses Questioned by Public Accounts Committee
94AS0235G Madras THE HINDU in English 8 Mar 94
p 15

[Article: "PAC Raps Finance Ministry for 'Lapses'"]

[Text] New Delhi, March 7. The Public Accounts Committee [PAC] has indicted the Union Finance Ministry for not having carried out a "meaningful probe" in a case of unauthorised import and under-invoicing by Reliance Industries. The case involves customs duty of Rs. 119.64 crores on goods imported by the company for its Patalganga polyester filament yarn project in Maharashtra. The allegation of unauthorised import of plant and machinery, misdeclaration and underinvoicing of goods was made in a showcause notice issued by the Customs Department in 1987.

The PAC, presided over by Mr. Bhagwan Shankar Rawat (BJP) (Bharatiya Janata Party), pointed out that the report submitted by the Director-General Inspection (Customs and Excise) "does not inspire confidence" while the Finance Ministry has not undertaken any meaningful probe on the lines recommended by the committee earlier. It therefore urged the Ministry to re-examine the whole issue to check "any unhealthy practices in the department."

The committee submitted its 61st report today to both Houses on Government's action on the 164th report which had recommended a thorough probe into the entire issue.

Decision Delayed

The PAC observes that the case pending since April, 1989, before the Customs, Excise and Gold Control Appellate Tribunal (CEGAT) has not been decided even after a lapse of over four years. It was following the committee's recommendations that the Government had filed a review petition against the adjudicating order passed in January, 1989, dropping the charges contained in the showcause notice issued against the company in February, 1987.

The PAC notes that the stay order obtained by the company against the proceedings in CEGAT has since been vacated and the matter is said to be pending before the Tribunal for a final decision. But the committee felt this was another instance of an importer resorting to tactics of successfully buying time for paying huge amounts of customs duty. It has, therefore, urged that the matter be thoroughly examined and effective measures evolved to ensure that Government's legitimate dues are recovered in time.

In the previous report, it was noted that Reliance Industries had registered three project contracts with the Bombay Custom House for availing of concessional duty rates. It was found that against the prescribed time limit of 15 days of the import of the last consignments, the company was allowed a period of four years and two months for the first contract, nine months for the second

contract, and nearly a year and one month for the third contract to file reconciliation statements. The PAC had urged that the circumstances in which the company was permitted to submit reconciliation statements in this manner be thoroughly probed and responsibility fixed for the "undue favour."

The Department of Revenue in the Finance Ministry, in its reply to the PAC on this issue, said it had been studied by the Director General of Inspection (Customs and Central Excise). His report revealed that the file remained in the Custom House unattended for two years and five months in the first case, nine months in the second case and 10 months in the third case. The Director-General concluded that while there was administrative slackness, there did not appear to be any 'motivated delay' by Customs officials.

On fixing of responsibility, the Central Board of Excise and Customs felt that work of this nature "tends to fall in arrears" owing to acute staff shortage. In this case, though delayed, corrective action has been taken by issue of show cause notice, it was pointed out. Besides, fresh instructions have been issued to Collectors of Customs to ensure that reconciliation statements are submitted by importers within the prescribed period and to enforce bonds where these are not submitted within the stipulated time.

Lok Sabha Speaker Seeks Textiles Industry Statement

94AS0235I Madras THE HINDU in English 8 Mar 94
p 15

[Article: "Speaker Seeks Statement on NTC"]

[Text] New Delhi, March 7. The Lok Sabha Speaker, Mr. Shivraj Patil, today directed the Government to make a statement as an agitated Opposition voiced fears that several lakh workers would lose jobs as the crisis-ridden National Textiles Corporation Mills [NTC] were on the verge of closure.

Raising the matter during zero hour in the Lok Sabha, Mr. Ram Naik (BJP) (Bharatiya Janata Party) said 11 NTC mills closed down yesterday in Bombay as power supply was disconnected for non-payment of bills.

The plight of the NTC workers in West Bengal was highlighted by Mr. Sudarshan Roy Chaudhary, CPI(M) (Communist Party of India-Marxist). He contended that about 1.60 lakh workers in the State would stop getting their salaries from April one as the NTC Mills would receive Rs. 10 [rupees] lakhs from the Centre as against an expenditure of Rs. 30 crores.

Mr. Harin Pathak, a BJP member for Gujarat, said 1.5 lakh employees in the powerloom and handloom sectors had gone on strike protesting against a 10 per cent increase in excise duty on cotton and polyester yarn.

Opposition on Price Hike: Parliament Was Ignored

94AS0233A Madras *THE HINDU* (International Edition) in English 5 Mar 94 p 11

[Article: "Combined Onslaught by Opposition"; all quotation marks as published]

[Text] New Delhi, Feb. 21. The recent price hike saw the Opposition in full cry today as Parliament began its Budget session with a boycott of the President's address by the National Front and Left parties, and a BJP-led (Bharatiya Janata Party) walkout in both Houses. The Opposition leaders, cutting across party lines, accused the Government of attempting to "bypass" Parliament by raising prices on the eve of the Budget.

After the NF-Left (National Front) alliance had set the ball rolling in the morning by staying away from the President, Dr. Shankar Dayal Sharma's address in the Central Hall of Parliament, the BJP launched the second offensive when the two Houses later met separately. The walkout in the Lok Sabha was led by the leader of the Opposition, Mr. Atal Behari Vajpayee, and by his counterpart, Mr. Sikander Bakht, in the Rajya Sabha.

The Government was clearly on the defensive, as the Opposition repeatedly charged it with "lowering" the dignity of Parliament and of rendering the Budget presentation "meaningless." Some Congress(I) members in both the Houses tried bravely to take on the Opposition, but quickly retreated in the face of a sharp counter-attack.

The "action" began as soon as members returned to their respective Houses after the joint sitting. In the Lok Sabha, Mr. Vajpayee rose to protest against the price hikes immediately after the House had made obituary references to its five former members who died recently, and the Prime Minister had introduced the two new Ministers—Mr. Ram Lakhan Singh Yadav and Dr. C. Silvera.

'Budget rendered meaningless': Mr. Vajpayee pointed out that the Budget presentation had a certain "sanctity" about it, and the people waited for it with a sense of anticipation. By raising prices of a wide range of essential commodities, a few weeks before the Budget, the Government had rendered the Budget "meaningless."

Charging the Government with having committed an impropriety, Mr. Vajpayee urged the Speaker, Mr. Shivraj Patil, to pull up the Government. What the Government had done amounted to an "insult" to Parliament, he argued, insisting on a ruling from the Speaker and warning the Treasury benches that the Opposition would not let them get away with it. The ruling party may have managed a majority in the House, but this did not mean that it could ignore Parliament.

TADA Enforcement Methods Review Urged

94P50117B Madras *DINAMANI* in Tamil 16 Mar 94 p 2

[Editorial: "TADA Is Valid, But..."]

[Text] The Supreme Court, while upholding the constitutional validity of the Terrorism And Disruptive Activities Act [TADA] has also called for a review of all TADA cases. When TADA was debated in Parliament in 1987, there was a huge outcry describing it as a draconian law. In 1991, when the Act came up for renewal, the opposition was muted; something must have happened to show the civil libertarians the uselessness of shedding tears for terrorists. People of Punjab have shown that civil society is willing to pay the heavy price required to maintain peace. And this is the logic behind public endorsement of TADA. Going for the substance, the Supreme Court has lamented that the scope of TADA has not been progressively reduced but has rather increased. Since less than 1 percent of those arrested under TADA have been convicted, society must take serious note. TADA has been upheld, but the Court has also put the onus on the authorities to enforce it properly. As in other parts of the world, the Indian police are not necessarily kind and gentle. When the police are also engaged in trading bullets with terrorists, the state has an additional problem as to how a force armed to the teeth and trained to kill is going to police the by-lanes of small-town India? Punjab is currently facing this problem. TADA or no TADA, the crux of the matter is to control the police. The steps recommended by the Court must, of course, be incorporated into the TADA procedure, but at the same time the police must be trained, educated, and better led. If the police system is brought back into order, then TADA will cease to be so controversial.

Government Wants Crude Output To Increase

94AS0235M Madras *THE HINDU* in English 8 Mar 94 p 16

[Article by Sushma Ramachandran: "Government Wants Crude Output Stepped Up"]

[Text] New Delhi, March 7. The Government has directed the premier oil exploration and production agencies, the Oil and Natural Gas Corporation (ONGC) and the Oil India Limited (OIL) to step up output by 15 per cent annually over the next three years. This is essential to meet the target of 47.08 million tonnes of output by the terminal year of the Eighth Plan.

Unless production is raised to these levels, oil imports will have to be substantially increased to bridge the growing demand-supply gap. Official sources say the higher production will be required to meet domestic demand even though the hydrocarbons sector is facing an acute resource crunch. As much as 70 per cent of total Plan outlay has already been utilised, with another three years remaining in the Eighth Plan.

In view of the constraints on resources, sources point out there is no escape from liberalisation and restructuring

of the hydrocarbons sector in case the country is serious about achieving the goal of self-sufficiency in oil production. Several measures have already been taken to ensure greater flow of resources like inviting foreign oil majors to participate in the process of crude exploration and production of proven oilfields. But evidently the terms and conditions have not proved attractive enough as the response for exploration has not been as enthusiastic as desired. On the other hand, multinationals are keen to enter into projects for production and processing of proven fields where contracts have recently been awarded to Reliance Industries in collaboration with Enron of the U.S. and Videocon in a tie up with Marubeni of Japan.

Increase in Imports

Expressing concern over the low domestic crude output in recent years which has already led to an increase in oil imports, the Petroleum Ministry notes that production during 1992-93 was only 26.95 million tonnes. This is 5.3 per cent lower than the target and nearly 21 per cent lower than the peak of 34.09 million tonnes achieved in 1989-90. Even during the current financial year, output is likely to be marginally lower than in 1992-93, according to latest reports.

The decline in production over the last few years, however, was due to unavoidable factors. One of the primary reasons was the need to carry out rectification measures in the Bombay High offshore fields, the most prolific oil producing area. The rectification was necessary since the fields were "flogged" by overproduction in the mid-eighties. As a result, the reservoir was damaged leading to the present situation where numerous wells have had to be closed down for workover operations.

Another factor affecting production has been the law and order situation in Assam, which has effectively curbed output from the northeastern region.

Though these are factors beyond the control of the ONGC or OIL, there is no getting away from the fact that there has been considerable slippage in achieving Plan targets. The Petroleum Ministry and Planning Commission are believed to have directed the two leading exploration and production agencies to take remedial steps quickly to take corrective action so that production targets are achieved.

The increase in availability will have to be achieved despite the shortage of resources. Latest official data shows that the outlays for the first two years of the Eighth Plan have absorbed as much as 70 per cent of the total allocation of Rs. 24,000 crore for the petroleum sector in the Plan period.

The ONGC which has lately been converted into a public limited company is already in the process of raising funds by disinvesting 20 per cent of its equity. The disinvestment programme which is to be completed this year will be partially in European capital markets and partly within the country. The company is expected

to become more effective in its prime role of oil exploration in its new restructured incarnation as a corporation instead of a commission.

Air Lines Approved for Public Limited Company Format

94AS0235C Madras *THE HINDU* in English 8 Mar 94 p 14

[Article: "Parliament Approves Air Corporation Bill"]

[Text] New Delhi, March 7. Parliament today approved the Air Corporations Bill to convert Air India and Indian Airlines into public limited companies, with the Rajya Sabha passing the measure by 63 to 29 votes in a division amidst a noisy protest by the Opposition members.

The Opposition members, especially from the left parties, took exception to the absence of the Civil Aviation Minister, Mr. Ghulam Nabi Azad, who was to have replied to the discussion. The reply was given by the Surface Transport Minister, Mr. Jagdish Tytler.

Mr. Gurudas Das Gupta (CPI) (Communist Party of India) and Dr. Ashok Mitra (CPI-M) (Communist Party of India-Marxist), who raised points of order in this connection, were told by Mr. V. Narayanasamy, who was in the Chair, that Mr. Azad had sought permission from the chairman, Mr. K.R. Narayanan, for leave of absence and for allowing Mr. Tytler to move the Bill on his behalf. The permission to both had been granted to him by the Chairman, he told the members.

The Opposition members insisted that the consideration and passage of the Bill be put to division which showed 63 'ayes' and 29 'noes.' The BJP (Bharatiya Janata Party) members did not participate in the voting process, though one of them, Mr. Maheshwar Singh, moved a resolution disapproving of the ordinance promulgated on January 29.

Earlier, participating in the discussion, members expressed concern at the "unequal competition" between private airlines and Air India and Indian Airlines. They also urged the Government to take steps to stop serving of liquor by private domestic airlines.

Some members said the Government was changing its course midway without planning and the mixed economy was being given a go by in the name of privatisation.—PTI

Public Enterprises Record Good Profits

94AS0233C Madras *THE HINDU* (International Edition) in English 5 Mar 94 p 10

[All quotation marks as published]

[Text] New Delhi, Feb. 23. With the petroleum companies having achieved a significant improvement in performance, central public enterprises recorded a 44 per cent increase in net profits during 1992-93. The scenario

would have been far brighter, but for the fact that losses by sick public enterprises had mounted to nearly Rs. 4,000 [rupees] crore.

This is disclosed in the Public Enterprises Survey for 1992-93 which was presented in Parliament today. The Indian Oil Corporation (IOC) heads the list of profitable undertakings, with a net profit of Rs. 935 crores, while Rastriya Ispat Nigam is the highest loss-making concern with a net loss of Rs. 568 crores.

The net profit for the year had risen by Rs. 1,040 crores to reach Rs. 3,395 crores during the year. The petroleum sector, as usual, is responsible for the lion's share with Rs. 551 crores but non-oil sector companies also achieved a substantial increase in net profit estimated at Rs. 489 crore.

The impact of the loss-making enterprises on the overall performance of the public sector is indicated by the fact that the net profits of 131 enterprises is Rs. 7,346 crores while 104 companies suffered Rs. 3,950.50 crores.

In an analysis of the performance of non-oil companies which are not sick, the Survey finds that these have shown net profits of Rs. 1,798 crores compared to Rs. 1,574 crores the previous year. The study had been carried out to exclude the effect of very high profits of the oil enterprises and the large losses of sick companies and evaluates performance of other units in a competitive environment. It concludes that sick enterprises are mainly responsible for low profitability of public enterprises as these account for net losses of Rs. 2,524 crores in the manufacturing and service sectors.

The Survey notes that the overall net return on investment, in terms of ratio of net profit to capital employed, had risen only marginally from 2 per cent in 1991-92 to 2.43 per cent in 1992-93. The gross profit, when viewed as percentage of capital employed, also shows a marginal decline from 18.83 per cent to 18.02 per cent.

According to the Survey, this has to be viewed in the background of the multi-dimensional objectives of public enterprises and the divergent constraints faced by them. In order to be fair to them, it is felt, it will be necessary to take into account the obligations of public enterprises which transcend the concepts of production and profits. The performance of public enterprises had to be evaluated keeping in view the contributions made in discharging socio-economic obligations, development of backward regions, provision of public utility services and selling basic inputs or products at administered prices.

The Survey which had taken the performance of 245 enterprises into account, notes that the investment in these companies had risen by Rs. 11,526 crores, an increase of 8.5 per cent. Similarly, gross sales had recorded an improvement of Rs. 12,807 crores, a 9.5 per cent rise. Value added in production enterprises also rose by 8.24 per cent, from Rs. 35,212 crores to Rs. 38,114 crores.

Other highlights: Other highlights of the Survey are, the 13.67 per cent rise in gross internal resources. These have increased by Rs. 1,780.51 crores, to reach Rs. 14,723 crores from Rs. 12,942 crores last year. Export earnings have also risen by Rs. 1,366 crores to touch Rs. 10,345 crores during the year. Contribution to the exchequer in the form of corporate tax, Excise duty, Customs and other duties and dividend increased by Rs. 2,136 crores from Rs. 19,951 crores the previous year.

The company with the highest investment during the year is the National Thermal Power Corporation with a total investment of Rs. 17,700 crores followed by Coal India Limited with Rs. 10,508 crores.

In absolute terms, the gross profit of public enterprises during the year had risen by Rs. 2,303 crores, a 17 per cent increase from Rs. 13,675 crores in 1991-92 to Rs. 15,978 crores.

The Survey notes that the ratio of net turnover to capital employed brings out the efficiency of utilisation of funds of any enterprises. This had fallen to 95.77 per cent in 1992-93, compared to 104.78 per cent the previous year. Group-wise analysis, however, indicates that there had been an improvement in the ratio in eight sectors, including tourist services, contracts and construction textiles and consumer goods. Another 13 sectors had shown a decline, including medium and light engineering, petroleum and trading and marketing.

Providing an overall picture of profit and loss in various industry groups, the Survey notes that the steel sector losses had fallen by Rs. 430 crores. On the other hand, losses of the fertiliser sector had risen from Rs. 394 crores to Rs. 564 crores while the textiles industry losses had increased from Rs. 313 crores to Rs. 572 crores. Profits of the petroleum sector had risen by Rs. 551 crores, while other sectors which had registered some increase in profits are coal, financial services, and telecom. The manufacturing sector as a whole shows a rise in a profit of Rs. 530 crores against Rs. 510 crores for the services sector.

On memoranda of understanding (MOUs), it is stated that 98 enterprises entered into such agreement with their administrative Ministries during the year. Of these, 34 were rated as 'excellent,' and 35 'very good.'

The Survey says that a major initiative to disinvest Government shareholding in public sector units was taken during the year in order to raise resources, encourage wider public participation and promote greater accountability. An amount of Rs. 1,912 crores was mobilised during the year by disinvesting around five per cent equity holding of 16 public enterprises. In the previous year, the Government had disinvested eight per cent of the shareholding in 30 enterprises at a total value of Rs. 3,038 crore.

Another significant development during the year was the identification of 44 central public enterprises as being

sick following the amendment to the Sick Industrial Companies (Special Provisions) Act 1985. Of these, 40 have been registered.

Railway Budget Estimates Viewed; Fare Hike Justified

94AS0233D Madras THE HINDU (International Edition) in English 5 Mar 94 p 8

[Editorial: "A Difficult Exercise"]

[Text] The railway budget estimates for 1994-95 had to be formulated by the Union Railway Minister, Mr. C.K. Jaffer Sharief, against the backdrop of a shortfall in receipts from freight and passenger traffic and the consequent reduction in internally generated resources. The need to revise downward the target for originating freight traffic and the deceleration in growth in passenger traffic are due to the slow rise in industrial production and resistance from passengers to rising fares. From the first time in recent years the budget estimates of gross traffic receipts have not been realised and it has been necessary to reduce the Plan outlay in 1993-94 by Rs. 300 [rupees] crores even with the success in raising larger resources through tax-free bonds.

Since the law of diminishing returns would seem to be operating with successive increases in freight rates and passenger fares and the gross domestic product has not been rising as expected, Mr. Jaffer Sharief had to take note of the warning signals and adopt a cautious approach when finalising proposals for upward adjustments in freight rates and passenger fares. Even otherwise it was generally expected that there would have to be increases under these heads as diesel oil has become costlier and other inputs have become dearer for various reasons. In spite of the escalation in cost, it is claimed that economies in working expenses to the extent of Rs.200 crores have been achieved and with reduction in appropriation to depreciation fund and other adjustments, the revised estimates disclose a surplus of 973 crores against Rs. 2,195 crores (budget).

The target for originating freight traffic however has been raised for 1994-95 though the growth in passenger traffic has been estimated at only two per cent. [Passage illegible] the increase in freight traffic can materialise only if there is no repetition of the experience of 1993-94. Much depends of course on the developments in the economy in 1994-95. On the basis of the estimates, it is expected that there will be a shortfall in resources of Rs. 997 crores for financing even a modest Plan outlay of Rs. 6,515 crores. This is only marginally higher than the budget estimates for 1993-94. A larger portion will be found through borrowing and a higher level of budgetary support because of inadequate generation of internal resources. The Plan outlay should be much higher than it is now though paucity of resources is a limiting factor. It is also intended to streamline operations with a restructuring of zonal systems and a better use of the capacity of Railway enterprises.

Even though a valiant attempt has been made to limit escalation in costs and use available resources optimally, it has been necessary again to raise freight rates and passenger fares. A new procedure has been adopted for pushing up freight rates with changes in classification. It would appear that the incidence of upward adjustments will be more severe in respect of commodities whose handling has not been remunerative enough for the Railways. The increase in the cost of moving bulk commodities over longer distances may thus be more pronounced than in the case of high rated traffic. While passenger fares have been raised by six per cent, an effort has been made to reduce cosmetically fares for short distances. In the event, the hike in freight rates will fetch additionally Rs. 800 crores and passenger fares Rs. 197 crores. The total amount sought to be raised was as much as Rs. 1,848 crores last year. Railway users may thus feel that they have been let off relatively lightly though the cumulative effect of the changes in recent years is proving to be regressive. In the changing situation a strengthening of the Railway finances can be ensured only with a growth in all types of traffic.

IRAN

National Iranian Gas Company Activities Viewed

94LA0120A Tehran JOMHURI-YE ISLAMI 12 Feb 94 p 13

[Text] Consumption of natural gas in Iran has increased from 11.4 billion cubic meters [bm³] in 1989 to 28.9 bm³ by the end of 1994.

This was reported by the director of National Iranian Gas Company, Asadollah Salihi Faruz, in an interview with journalists. He said that the increased consumption of natural gas during the planning years [1990-94] clearly shows that gas as a replacement for half-distilled imported products has led to a saving of \$16 billion.

He added that for the first time during the last few days natural gas production has gone up to 111.2 million cubic meters [m³] a day, which is the current level of gas consumption in the country.

The director of National Iranian Gas Company added that the National Iranian Gas Company general assembly in a meeting, attended by the president and six members of the Cabinet, approved that priority in gas consumption should be given to domestic use—not to export.

Concerning gas pipelines, he said that the total length of pipelines built by the end of 1989 was 5,000 km, which will reach 8,100 km by the end of 1994. In other words, there was more than 62-percent growth of gas pipeline construction during the First Five-Year Plan.

About extending pipelines to cities in the country, Mr. Salihi Faruz said that building networks and installing service lines reached 15,660 km and 758,000 extension lines by the end of 1989. By the end of the plan, there will

be 33,834 km networks and 1,880 extension lines. In this way, the length of laying networks during the five-year plan will be 18,156 km and the number of installed extensions will be 1,122, which means that there has been an average 17-percent growth per year in building networks and 20 percent growth in installing extension lines.

Concerning export of gas to other countries, he said that with the collapse of the former Soviet Union and the cut-off of gas to that country, a similar contract was signed with Azerbaijan, on the basis of which 8 m³ of gas per day was exported to Azerbaijan for a year. Because of Azerbaijan's financial problems, there has not been any export of gas to that country since last winter.

Mr. Salihi Faruz said that the joint partnership of the Islamic Republic of Iran and France in the area of underwater and overland production, in constructing pipelines, in planning and building stations to increase pressure in the Sarakhs-Naka gas-line, and in expanding the gas industry are among the accomplishments of the National Iranian Gas Company. He added that National Iranian Gas Company in partnership with Gas-tu France signed a contract with a 50-percent share of \$200,000, which is currently in operation.

According to Mr. Salihi, for the purpose of exporting gas to Europe, Iran and France together, with a 60-percent joint share, are cooperating with five European countries: Czech Republic, Slovakia, Germany, Austria, and Spain, with a total 40-percent share, each with a share of 8 percent.

At the end, he mentioned the problem of cash (the decline of gas prices), delay in opening credits, demands for funds for drilling permit and asphalt, prevention of the company works by municipalities and by some institutions, problems of acquiring land for extending pipelines, and shortage of contractors—he considered these to be among the executive problems of the company. He mentioned that if a portion of the remark under Article 25 of 1994 budget is to be left out, the National Iranian Gas Company will be forced to cease operating.

Port, Shipping Figures Released

94LA0120B Tehran JOMHURI-YE- ESLAMI in Persian
13 Feb 94 p 13

[Text] The office of public relations of ports and navigation reports that during the last 10 months of the current year 12,000,931 tons of goods have cleared the country's ports, which is a 7-percent improvement in the clearance of goods in comparison to a similar length of time last year.

Export of goods from these ports during the same period of time showed 58 percent of growth and reached 3,825,000 tons.

During the first 10 months of the current year, 15,108,000 tons of goods was transported by truck to inland centers in the country.

During the same time, 5,711,000 tons of different kinds of oil materials was cleared from the country's ports, as listed above. In comparison to the same period of time last year, there was a 46-percent improvement rate in the clearance of oil materials this year.

During the same period of time, 1,578 ships, with a gross capacity of 16,279,000 tons, arrived at the country's ports.

During the last 10 months of 1372 [21 March 1993-20 March 1994], the busiest ports in terms of loading and unloading operations were Imam Khomeini port, with 8,164,00 tons of goods; Bandar 'Abbas, 7,072,000 tons; Bushehr Port, 488,000 tons; Shahid Bahishti Port, 407,000 tons; Anzali Port, 386,000 tons; and Nawshehr Port, 139,000 tons of goods.

Most of the clearance goods during the last 10 months included metal equipment, oil materials, miscellaneous items, charcoal, fertilizer, barley, corn, sugar, rice, dairy, fish, meat, cuttle fish, vegetable oil, and wheat.

Also, 425,460 passengers entered or left the country through the Lang, Shahid Ba Hunar, and Bushehr ports.

Export of Onions Questioned

94LA0120C Tehran JOMHURI-YE ESLAMI in Persian
13 Feb 94 p 13

[Text] According to figures reported by the Center for the Expansion of Exports, during the eight months of the current year, 1,301 tons of onions, with a value of 4 million rials [R], have been exported.

In other words, we have sold a kilo of onions for R3, which means that our total profit from the sale of onions has been only \$200, with R2,000 being equivalent to 1 dollar. Is it worth getting engaged in such exports only to ruin our domestic onions market?

Have we not ruined the export culture by such exports?

Not to mention the losses suffered by the poor exporters—while the price of onions in domestic markets was 10 times—no, 100 times—more than what it was sold for abroad.

Then, let us not plead the cause of farmers when middlemen run away with the wind-blown profit and when officials are blamed for the bad onion markets here and abroad.

Finally, the clamor of publicity on importing onions lost its momentum. However, a kilo of onions went up to R1,000.

God willing, the concerned officials, particularly those of the Ministry of Agriculture, may have learned some lesson from all this.

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